BUSINESS WEEK

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Being Big And Fast, Too

HOW GM DOES IT
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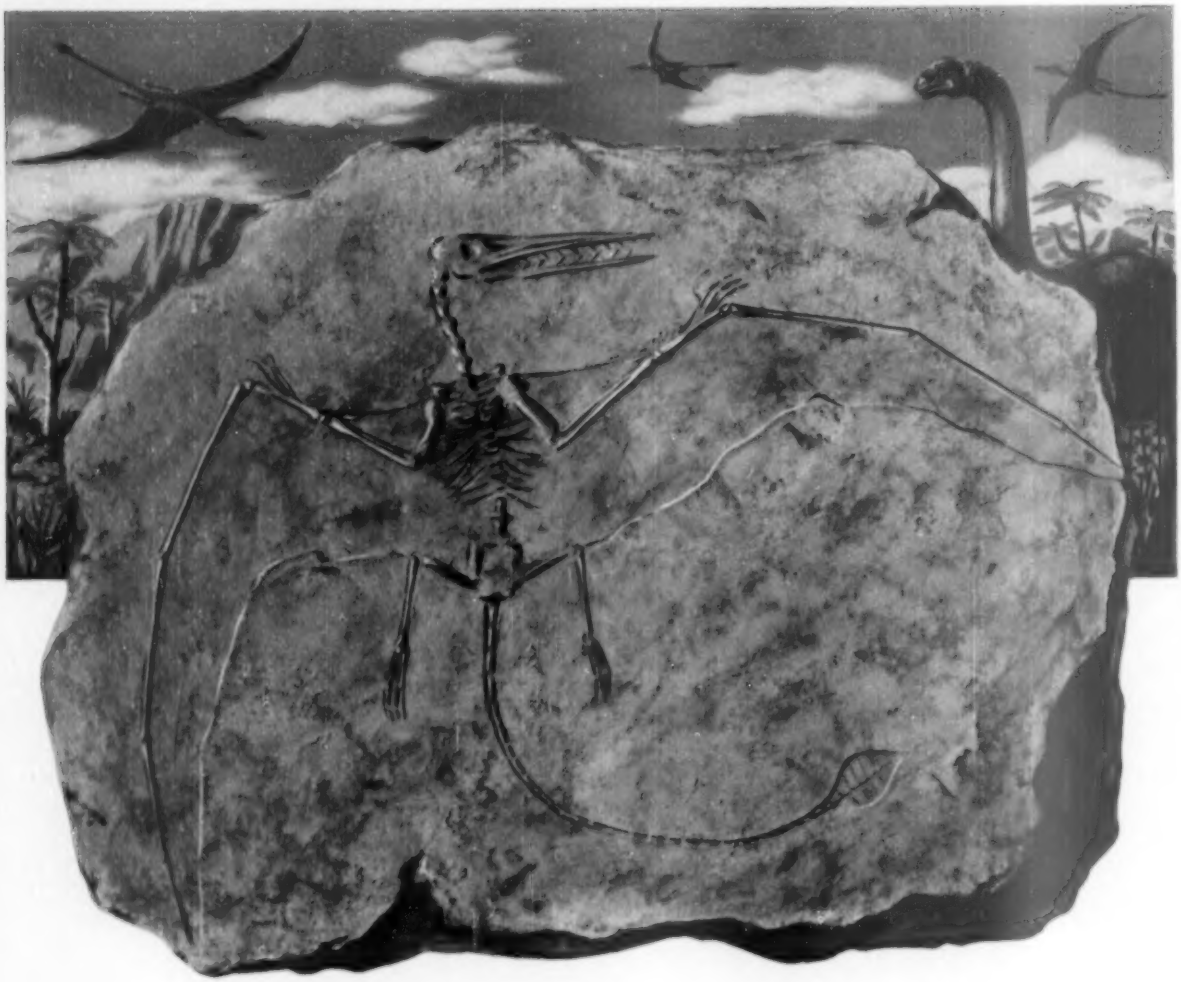


Republican James P. Mitchell: Can he make the party line on labor? (page 128)

A McGRAW-HILL PUBLICATION

FEB. 13, 1954

E B POWER GS
UNIVERSITY MICROFILM
313 N 1 ST
ANN ARBOR MICH



Potted Pterodactyl "Keeps" 100 Million Years

ENCASED IN SOFT MUD which later turned to stone, the most fragile bones of this prehistoric flying lizard have been preserved for millions of years. Today, for the same protective *cushioning* effect, manufacturers embed delicate electronic components in tough synthetic resins.

Outstanding in this new field are Epon® resins. Easy to use, they can be cast and cured at low temperatures, they bond metal to metal, or metal to glass, and adhere firmly even under the heat of soldering.

Once "potted" in Epon resin, delicate components are safe from shock, moisture, chemical action, rapid change in temperature. And Epon resins won't short-circuit, even at extremes of temperature and humidity.

Development of Epon resin is another example of Shell Chemical's partnership with industry and agriculture.

Shell Chemical Corporation

Chemical Partner of Industry and Agriculture

NEW YORK • SAN FRANCISCO



Long Distance puts extra hours in every selling day

Long Distance is quick, direct. It multiplies your salesman's time—sends him North, East, South, West, in a matter of minutes. It opens doors to reach the right man at the right time.

It arranges appointments, helps to close sales. Provides frequent contact between trips. Clears up questions and complaints.

In short, it is your best key to more productive selling. You can prove it profitably in your own business.

We Have Some Helpful Suggestions. We have developed a number of plans for the profitable and economical use of Long Distance and we will be glad to discuss them with you. Just call your Bell Telephone Business Office.

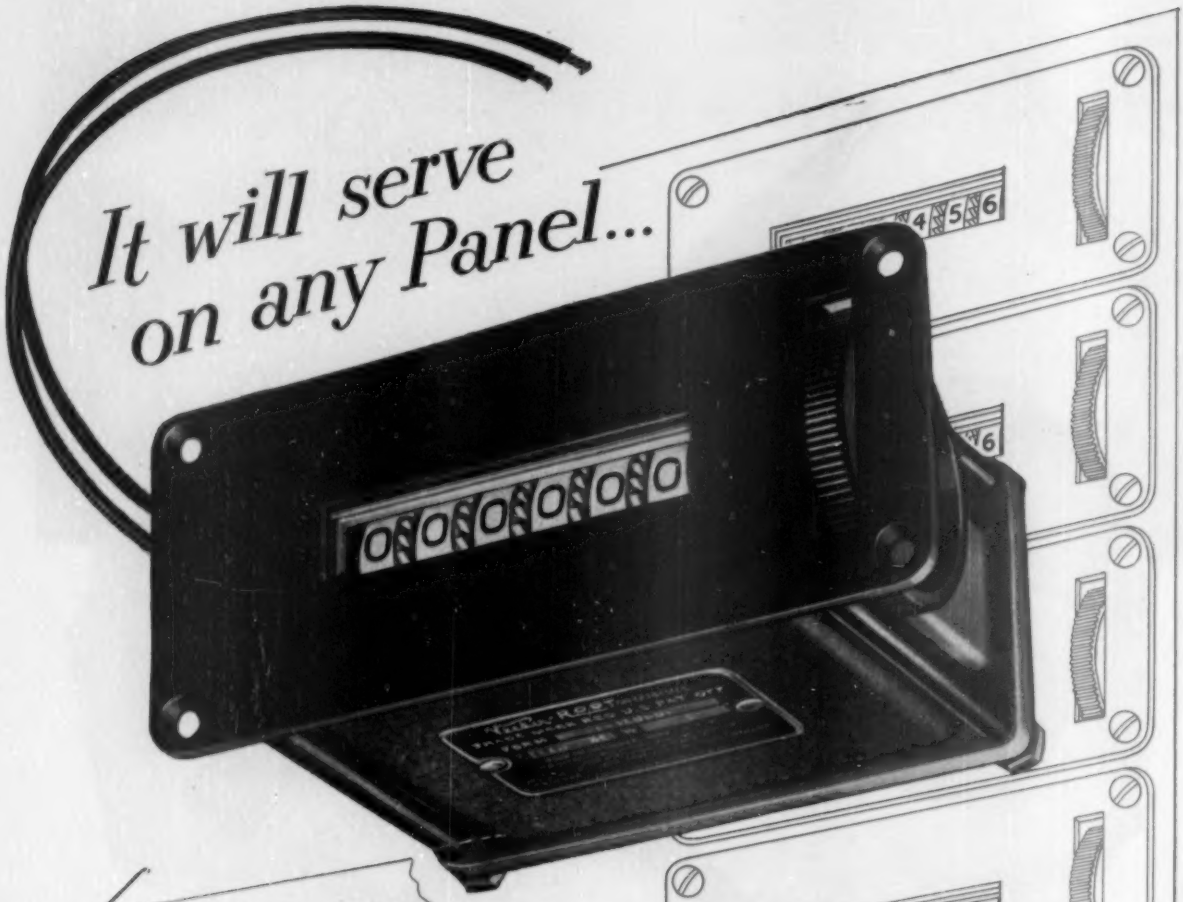
BELL TELEPHONE SYSTEM

LONG DISTANCE RATES ARE LOW

Here are some examples:

Philadelphia to New York 50c
Syracuse to Boston 90c
Washington to Detroit $1.10
Dallas to Atlanta $1.50
New York to San Francisco $2.50

These are daytime rates for 3-minute station-to-station calls, not including federal excise tax. Long Distance rates are even lower after six every evening and all day Sunday.



Added Evidence that—

Everyone Can Count on VEEDER-ROOT

REPORTER AT LARGE . . . that's what you might call this new Veeder-Root Reset Magnetic Counter . . . adaptable to remote counting from machines or processes to central boards or instrument-clusters, wherever you want to put them. NOW . . . what can your imagination do with these few facts? For the *full facts*, write:

VEEDER-ROOT INCORPORATED
"The Name That Counts"
HARTFORD 2, CONNECTICUT
Chicago 6, Ill. • New York 19, N. Y. • Greenville, S. C.
Montreal 2, Canada • Dundee, Scotland
Offices and Agents in Principal Cities

"Counts Everything on Earth"

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NEW!
GAS UNIT HEATERS



with a NAME known to HEATING MEN

The name back of this new line of Webster Gas Unit Heaters has meant good design, rugged construction, competent service to more than three generations of architects, engineers, heating contractors and building owners.

Webster Gas Unit Heaters are made in seven sizes ranging from 25,000 to 200,000 Btu heat input. Use natural, manufactured, mixed or LP gas. Approved by American Gas Association and Underwriters' Laboratories. Write for Bulletin B-1710A.

Another important recent addition to the Webster Line is Webster Tru-Perimeter Heating with Webster Walvector or Webster Baseboard. Other equipment includes Webster System Radiation, Webster Convectors, Webster Moderator Controls for steam heating, Continuous Flow Hot Water Heating Control, Webster Steam Heating Specialties, and Webster-Nesbitt Unit Heaters for steam or hot water.

Address Dept. BW-2

WARREN WEBSTER & CO.
Camden 5, N. J. Representatives in Principal Cities
In Canada, Darling Brothers, Limited, Montreal

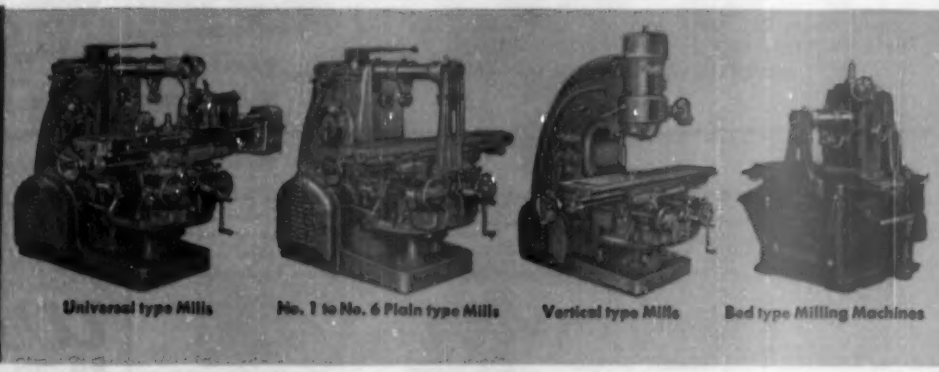
Webster HEATING

Announcing

KEARNEY & TRECKER'S TOOL-LEASE PROGRAM

The most significant opportunity ever offered machine tool users!

Here are a few of the many new Kearney & Trecker machines available for Tool-Leasing



Universal type Mills | No. 1 to No. 6 Plain type Mills | Vertical type Mills | Bed type Milling Machines

NOW... you can rent new Kearney & Trecker machine tools!

Here's what that means to you—

TOOL-LEASE ALLOWS YOU TO—

- ✓expand production without tying up working capital
- ✓stay free of long term investments
- ✓remain debt free
- ✓avoid the risk of high obsolescence
- ✓be unrestricted by creditor's limitations
- ✓keep future borrowing capacity unimpaired
- ✓simplify your financial structure
- ✓obtain optimum efficiency, flexibility and capacity to meet constantly changing production requirements.
- ✓try out, in effect, new machines... without having to buy them

Under Kearney & Trecker's Tool-Lease Program, you may obtain any standard Kearney & Trecker machine tool. This includes: standard knee-type and bed-type milling machines and precision boring machines. Special lease agreements will be considered where either special machinery or applications of heavy-duty CSM bed-types are required.

TOOL-LEASE GIVES YOU 3 PLANS TO CHOOSE FROM—

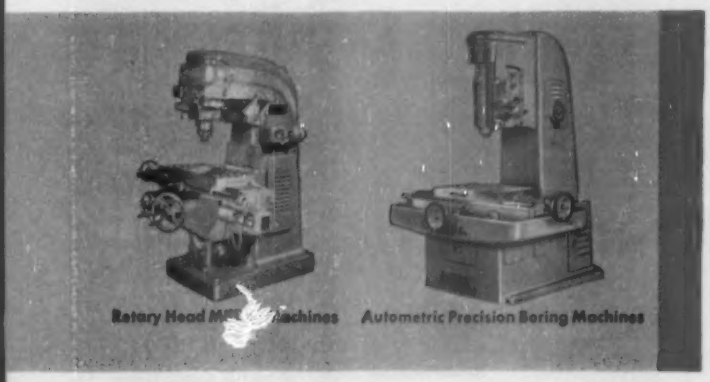
The basic Tool-Lease Program gives you a choice of three plans with varying options to terminate the lease, continue the lease or purchase the equipment. Depending upon the plan selected, equipment may be leased for one, two or three or more years.

Your Kearney & Trecker representative will be pleased to give you specific Tool-Lease information and help you analyze your machine tool needs... suggest the equipment that will best help you solve your production problems. Write, wire or phone Kearney & Trecker Corp., 6784 W. National Ave., Milwaukee 14, Wisconsin.

TOOL LEASE
KEARNEY & TRECKER
MILWAUKEE
MACHINE TOOLS
EQUIPMENT ®

©1954

Fill out and attach coupon to your letterhead and mail for Tool-Lease Bulletin.



Rotary Head Milling Machines Autometric Precision Boring Machines

Kearney & Trecker Corporation
6784 W. National Ave.
Milwaukee 14, Wis.



Please send me Bulletin TL-10A with details on the Tool-Lease Program.
☐ Check here if you would like to have a representative call on you as soon as possible (or call Milwaukee, GReenfield 6-8300).

Name.....

Title.....

Company.....

Address.....

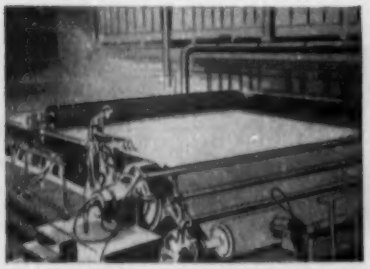
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Whoever You Are . . . Whatever Your Business . . . An **R/M** *Product Touches Your Life*

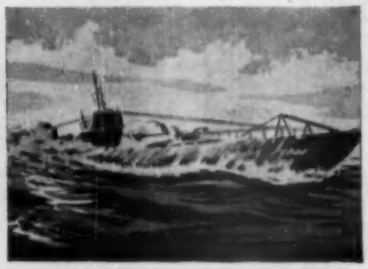


R/M RUBBER LININGS KEEP WONDER DRUGS HEALTHY

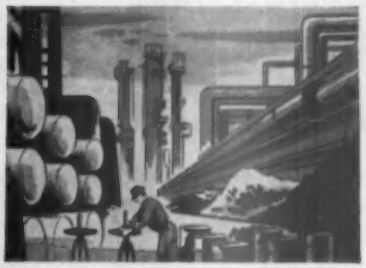
Antibiotics—today's miracle drugs—are "born" in huge extraction and elution tanks, often 10,000-20,000 gallons in capacity. Corrosion or contamination could ruin the batch, so antibiotic manufacturers have R/M line such tanks with protective rubber. This highly technical operation requires the greatest skill—and *this* R/M *has!* Almost anything that can be shipped can be lined or covered with rubber or plastic by Raybestos-Manhattan. Examples: the world's largest plating tank, enormous rolls used in making paper, huge processing tanks and thousands of miles of chemical pipe with valves and fittings. And if it can't be shipped, in most cases R/M can line it in your plant. But this is only one of R/M's many specialized skills. Your life is touched by hundreds of asbestos, rubber, engineered plastic and sintered metal products made in R/M's seven great plants and laboratories. For help with any problems, call in an R/M representative.



Foremost in rubber covering paper-making rolls, R/M has the equipment, experience and skill to compound just the right rubber, to bond it inseparably to its base, to grind it to tolerances less than the thickness of a human hair.



"Free" acid in a submarine could play havoc with intricate apparatus and endanger human lives. So R/M inseparably bonds a protective rubber covering to submarine battery compartments. R/M skill in this work is widely recognized.



R/M rubber-lined pipe has long been a practicable and economical means of conveying corrosive and abrasive fluids in chemical and other plants. R/M rubber and plastic linings resist corrosion—outwear iron or steel under abrasion.



Brake Blocks, Linings and Clutch Facings



Industrial and Automotive Hose



Sintered Metal Parts



Conveyor Belts



Mechanical Packings and Gaskets



Industrial Drive Belts



Abrasive and Diamond Wheels

RAYBESTOS-MANHATTAN, INC.

PASSAIC, NEW JERSEY

Raybestos ... *Condor* · MANHATTAN ... Grey-Rock

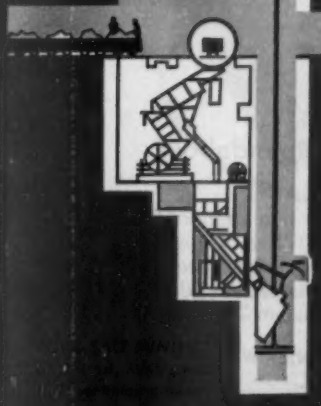
SPECIALISTS IN ASBESTOS, RUBBER, SINTERED METAL, ENGINEERED PLASTICS

Other R/M Products:
Fan Belts • Engineered Plastic Products
Asbestos Textiles • Bowling Balls
Other Industrial Rubber

Factories:
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Manheim, Pa. • No. Charleston, S.C.
Crawfordsville, Ind. • Neenah, Wis.
Peterborough, Ontario, Canada



As a foremost producer of salt in all its forms, International's vast resources supply and serve virtually every industry in America...

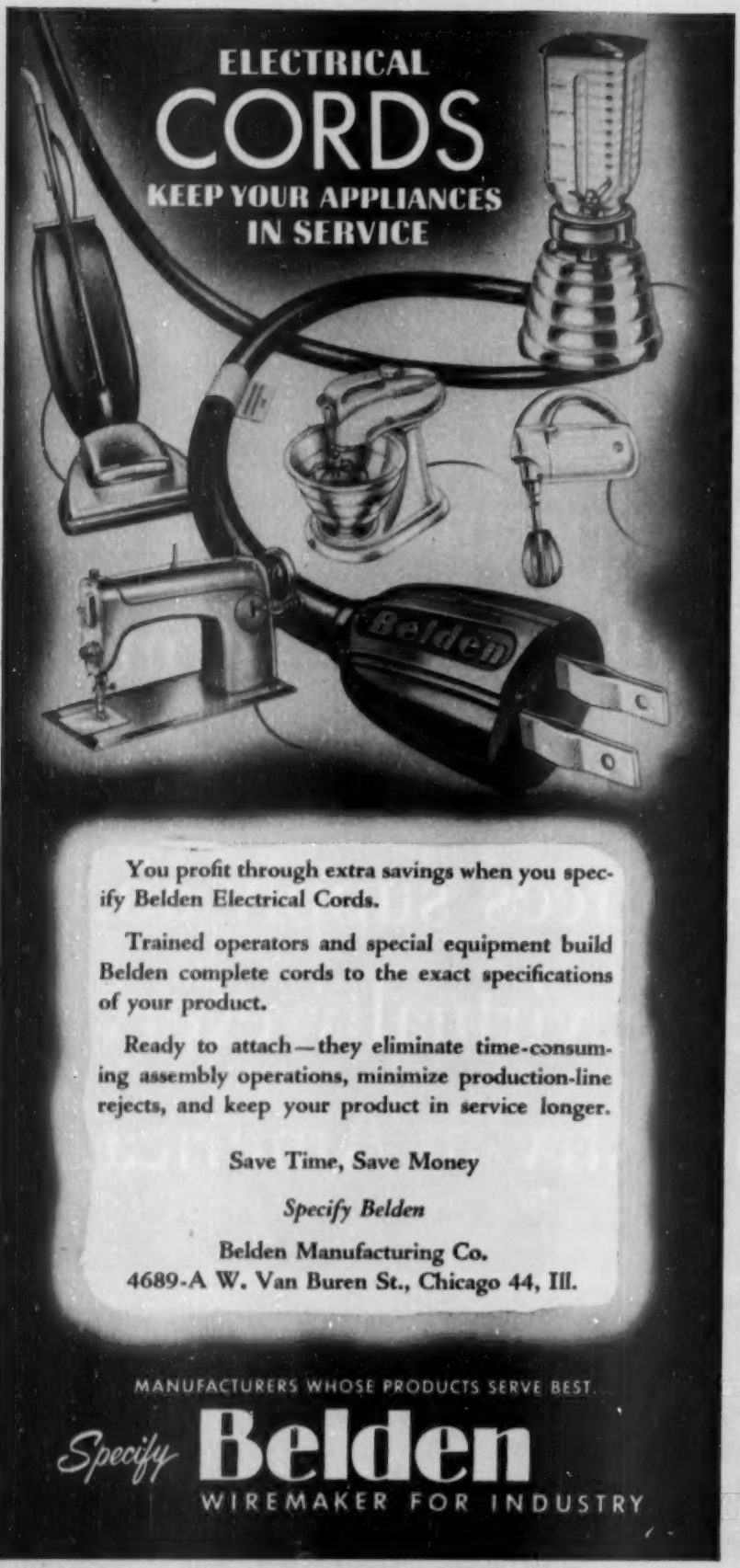


INTERNATIONAL SALT COMPANY, INC.

Producers of STERLING SALT • SCRANTON, PENNSYLVANIA

SALES OFFICES: Atlanta, Ga. • Chicago, Ill. • New Orleans, La.
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Philadelphia, Pa. • Pittsburgh, Pa. • Richmond, Va.

ENGINEERING OFFICES: Atlanta • Buffalo • Chicago



READERS REPORT

Clearing the Air

Dear Sir:

. . . On page 52 of your Nov. 28, '53 issue of BUSINESS WEEK, *the article entitled Giveaway Fight . . . concerned our firm and the writer . . . and was written altogether different from our operation.*

We invite people into our store to register and then draw their names on television to see who wins. There is no obligation, nothing to buy, and no consideration whatsoever. It is just as simple as stated. . . . .

Our case is set for Feb. 22, in the Criminal Courts of Birmingham, and we believe . . . that we will win it. . . .

ALLEN CLARK
GENERAL MANAGER
R. B. BROYLES CO., INC.
BIRMINGHAM, ALA.

New Departure

Dear Sir:

In your story of Chance Vought's planned separation from United Aircraft Corp., entitled Flying Solo Now [BW—Jan.30'54,p100], you state: "To the industry, this means that Vought will be able to shed the Navy cape that UAC and division management has kept it wrapped in since its founding."

I wish to emphasize that neither UAC division management nor the Navy has prevented Chance Vought's seeking Air Force business. Chance Vought has been a Navy prime contractor for 37 years, and the company intends to use its experience in providing anything and everything that the Navy requests as a paramount consideration. . . . Vought had been a Navy contractor for 12 years before it joined United Aircraft in 1929.

As an independent corporation, Chance Vought's participation in Navy, Air Force, Army or commercial projects will be determined as in the past by government requirements, by available production space, and by the company's competitive ability.

F. O. DETWEILER
PRESIDENT
CHANCE VOUGHT AIRCRAFT, INC.
DALLAS, TEX.

Rainbow Roundabout

Dear Sir:

May I draw your attention to page 54 of the Jan. 30 issue of BUSINESS WEEK, *under heading Paint Mixers. . . .*

The firm that developed and is making available the "color carousel" is

PRIVATE SECRETARY

... FOR THE MAN WHO'S GOING PLACES

Streamlined in design . . . lightweight . . . Edison's V. P. Voicewriter is a "natural" for today's fast-moving executive who must travel light. Two New Departure ball bearings, supporting the pulley that transmits the drive from motor to recording disc, help keep the V. P. ready to work wherever it goes. For New Departures operate with almost no friction, require no upkeep, preserve original accuracy. Applied to *your* product, New Departure ball bearings can achieve similar advantages. Why not talk it over with a New Departure application engineer . . . soon!







NOTHING ROLLS LIKE A BALL

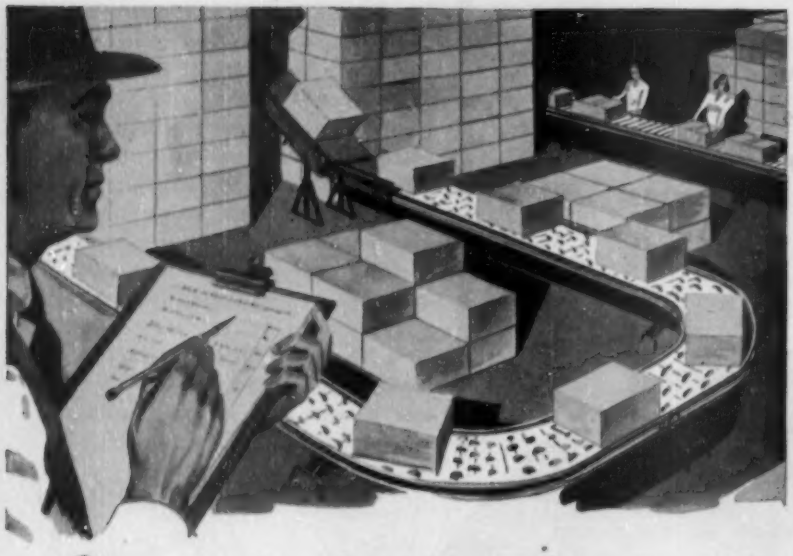


NEW DEPARTURE

BALL BEARINGS

NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONNECTICUT
Plants also in Meriden, Connecticut, and Sandusky, Ohio

Edison's V. P. may be used in cars, planes, office or home. Illustration above shows location of New Departure ball bearings in this ultra-modern device.



Specs for high profit levels

Mechanical specs are important. But, you know from your own experience that your biggest profits come from things less tangible. Like new ideas, for example. At Rapistan we put a lot of emphasis on ideas . . . to give you a better return on your materials handling investment: New ideas for better use of equipment, new ways to use standard conveyor units in "customized" systems, and new wrinkles that improve general performance.

Or, take service. It's tough to specify service in detail. But it has substantial effect on your profits. That's why Rapistan maintains more than 50 sales-service agencies across the country. You get the dependable supervision of factory-trained specialists from the original survey of your needs, on through installation and maintenance. You'll find Rapistan always on the spot with the service you want — when you want it.

And, even in considering equipment, specifications don't usually tell the entire story. Unless you *know*, intimately, what makes for dependable quality, you can be fooled. Your best measure is the reputation of the maker. "Rapistan" means mighty good assurance of quality.

Usefulness through many years is what makes Rapistan conveyors profitable. Standardized construction to allow lengthening of units, and ease of moving them around are factors to assure this. Rapistan conveyors are being relocated in different assignments every day.

If you need a conveyor system, small or extensive, this is worth remembering: all Rapistan conveyor units, both power and gravity, may be used together in an almost endless range of economical combinations. The profit-ability of this Rapistan principle is being proved daily in almost every field of business. We'd like to prove it to *you*. You can start us by sending the coupon below.

YOU'LL PROFIT FROM THE BEST
of this cost-cutting experience

Send for free Rapistan Field Reports — fact-reading, fact-filled histories of conveyor-solved problems in your field. Learn type and cost of equipment, savings in hours and dollars. Check coupon and mail direct to:

The RAPIDS-STANDARD CO., Inc.
178 Rapistan Building
Grand Rapids 2, Michigan

- ☐ Aircraft Parts
- ☐ Auto Supplies
- ☐ Beverages
- ☐ Building Supplies
- ☐ Canneries
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- ☐ Food Products
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- ☐ Grain and Feeds
- ☐ Grain Milling
- ☐ Grocery Store
- ☐ Heating Equip.
- ☐ Home Appliances
- ☐ Laundry Services
- ☐ Leather Products
- ☐ Machine Parts
- ☐ Magazines, Nwspprs.
- ☐ Meat Packing
- ☐ Metal Stamping
- ☐ Paint Products
- ☐ Paper, Publishing
- ☐ Pharmaceuticals
- ☐ Power Tools
- ☐ Sugar Refining
- ☐ Tobacco Products
- ☐ Warehousing
- ☐ Waste Materials
- ☐ Wood Products

Rapistan BETTER CONVEYING EQUIPMENT
CONVEYORS, gravity and power belt • INDUSTRIAL CASTERS • WHEEL-EZY TRUCKS

Standard-Toch Chemicals, Inc., and not Standard Tool & Chemicals as reported. . . . My father was one of the generation of Tochs who founded part of the present corporation (Toch Brothers, 1848). The other division of the company was Standard Varnish Works, founded in 1870. . . .

LEO TOCH
FLUSHING, N. Y.

• This was one of those typing errors.

Sibilants and Syllables

Dear Sir:

On page 132 of your Jan. 30 issue . . . you state: "The boss' wife, 19-year-old son, and one other employee picketed a St. Louis Venetian blind manufacturer recently."

Somewhere your proofreader has been inculcated with the idea that if a singular word ends in "s," you don't have to put anything but an apostrophe to show possession. Nothing is further from the truth because after all you pronounce what you write, and I maintain it is impossible to write this word and have it sound the way you want it to. There are very few exceptions to the rule of putting the apostrophe "s" after a word ending in "s." They are usually cases where the last syllable of the word makes it sound redundant, such as Jesus and Kansas. You still say the Court of St. James's; you still speak of the Jones's car and the Williams's hat—believe it or not. . . .

LAURENCE MCKINNEY
ALBANY, N. Y.

• You're right. And we believe it.

First to Market

Dear Sir:

I was glad to notice that BUSINESS WEEK, *Jan.23'54,p59, discusses Music on Tapes. However, I take issue with your reference to A-V Tape Libraries as one of "several small outfits" having pre-recorded tapes "on the market in a limited amount." The fact is that A-V Tape Libraries . . . is "the first outfit with national distribution to offer music on tapes."*

A-V released its first reels in the Spring of 1951 and has been marketing pre-recorded tapes nationally and in foreign countries since early 1952. The subject matter includes over 100 reels of popular and classical music, lectures, language course, and religious tapes. . . .

JOSEPH F. HARDS
VICE-PRESIDENT
A-V TAPE LIBRARIES, INC.
NEW YORK, N. Y.

• Sorry. "National distribution" is a



Is your payroll department all mixed up?

If so, maybe your labor relations aren't too well-cemented, either. When his pay check adds up wrong, the most loyal employee often turns out to have a quick-hardening heart.

There's a concrete solution to the problem, however. Take Philadelphia's Whitehall Cement Manufacturing Company, where until recently every payday was a crisis: payroll records way behind, untraceable errors, forced balances, a mad rush to get the checks out on time.

How did Whitehall break out of the mold? By installing McBee Keysort. Today the company has 34 labor categories, all with varying scales of pay for overtime, shift differentials, vacations, holidays. But of payroll troubles it has none—"for," says Whitehall's treasurer, "Keysort gives us prompt, accurate figures and costs without duplication of records or work and with no addition of personnel."

Specially designed Keysort cards also keep Whitehall's distribution supply system up to form. And management continues to pour words of praise: "In addition to the effectiveness of the Keysort installation, we are pleased with its simplicity. Our people had little or no trouble learning to operate it."

If *your* record-keeping system is less than completely satisfactory, the nearest McBee man will be glad to show you how Keysort can improve matters. Or mail the coupon.

THE McBEE COMPANY

Sole Manufacturer of Keysort—The Marginally Punched Card

295 Madison Avenue, New York 17, N. Y.

Offices in principal cities. The McBee Company, Ltd., 11 Bermondsey Road, Toronto 13, Ontario.

BW 2-13-54

MAIL THIS COUPON TODAY

The McBee Company • 295 Madison Ave., New York 17, N.Y.

We're interested in knowing how KEYSORT can improve

our ☐ PAYROLL AND LABOR COSTING ☐ MATERIAL COSTING AND INVENTORY CONTROL

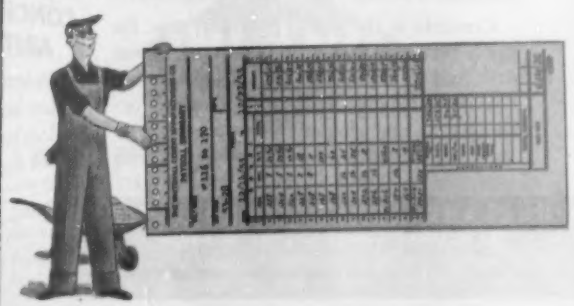
☐ ORDER ANALYSIS ☐ PRODUCTION CONTROL ☐ _____

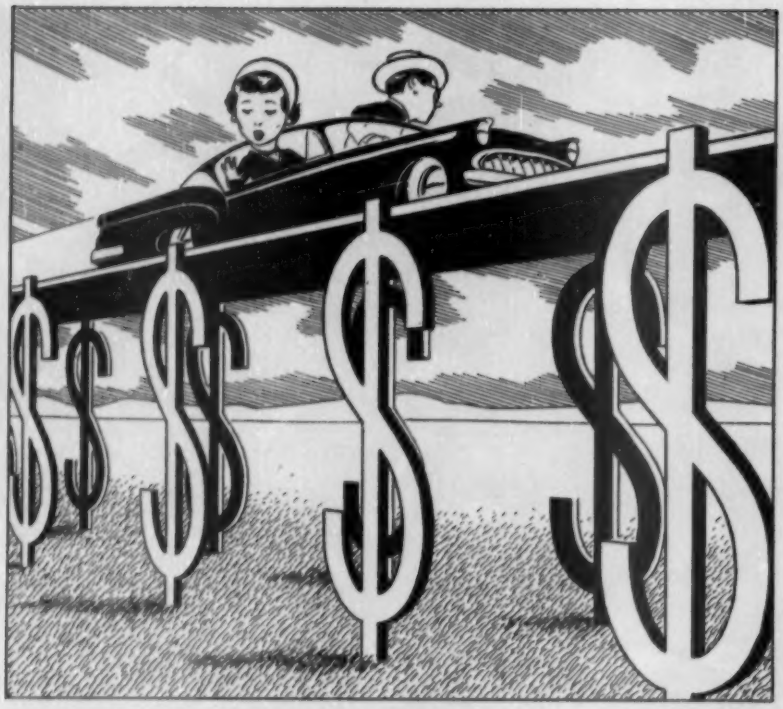
FIRM _____

ADDRESS _____ CITY _____

ZONE _____ STATE _____

BY _____ NO. OF EMPLOYEES _____





Let's get down to earth–

Stop Building High-Cost Roads

Main roads are wearing out faster than new ones are being built. This creeping obsolescence, with its attendant high accident rate, weakens national defense, raises highway costs and jeopardizes life and property.

Backward progress is being made because, after 15 years of depression and war, a too-quick attempt was made to expand a road system designed for 20,000,000 vehicles to accommodate 53,000,000 vehicles. This was done by temporarily resurfacing old roads and by building as much new mileage as possible of inadequate, low-first-cost roads.

As you might suspect, low-first-cost roads are gobbling up more and more of available highway funds for maintenance, so they have turned out to be high-annual-cost roads. As a result a diminishing amount of highway funds is left each year for much needed new mileage.

The way to reverse this trend is to build main roads with concrete pavement. It usually costs less to build than other pavements designed for the same traffic, costs less to maintain, lasts at least twice as long. Engineers now know how to build concrete roads to last 50 years and more. Concrete roads earn much more than their cost in the gas taxes paid by drivers using them. This leaves a surplus for building desperately needed new mileage. Forward progress results.

Concrete is the safest pavement too. Its gritty texture is highly skid-resistant, wet or dry. And its light color provides maximum visibility at night, when most accidents occur. Safety and economy—two reasons why main roads should be paved with concrete.

CONCRETE ROAD ARITHMETIC

Moderate First Cost
+ Low Maintenance Cost
÷ Long Years Of Service
= Low Annual Cost

PORTLAND CEMENT ASSOCIATION
33 W. Grand Avenue, Chicago 10, Illinois
A national organization to improve and extend the uses of portland cement and concrete through scientific research and engineering field work

fuzzy phrase. We should have known better than to use it so loosely.

Who Can Be Trusted?

Dear Sir:

Your editorial on page 168 of the Jan. 23 issue of BUSINESS WEEK *omits what seems to me the most important fact—that we cannot rely on any agreement with the Russians.*

If this is a fact, as I believe it to be, it seems to me not only useless but dangerous to make any agreement with them, since we would be bound and they would not.

F. S. COOPER

ROME, GA.

• Perhaps by now the next editorial, This Much Hope [BW—Jan.30 '54,p152], may have clarified our position. Actually, the editorial in the Jan. 23 issue was based on the fact that neither the Russians nor anyone else can be trusted to refrain from using the most powerful of weapons in a situation where the country's existence is at stake. So the real problem is to prevent war.

A New Language

Dear Sir:

The report on Try It in Interlingua [BW—Jan.23'54,p78], is of interest, particularly since the report claims that one can learn the language in a few months.

I would like to see the picture book referred to in the report. It presents a challenge for any linguist. . . .

STEPHEN ARTHUR DERRY

THE DERRY ENGINEERS
KENTUCKY HOME LIFE BUILDING
LOUISVILLE, KY.

Better Schools

Dear Sir:

Your story about What the Architects Are Cooking [BW—Jan.30'54, p66] speaks of combined cafeteria-auditorium-gymnasium as something for the future. I think you'll find that many elementary schools, and some high schools, being built today have multi-purpose rooms of this sort. Seats are removable and tables fold up when rooms are used as gymnasiums. I understand that state architects in many states recommend these combinations as savers of space and money.

NAME WITHHELD

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 36, N. Y.

Project 140.20.2

in the search for new and better steels and steelmaking methods

Not many weeks ago, Inland released a book reporting new findings in the continuing search for ways to improve the corrosion resistance of Tin Plate. The highly technical report was important to relatively few men, restricted to a handful of companies in a single industry. Yet it represented several years' research by top men in the country.

We mention this merely to remind you that Inland's Research and Development Department is constantly probing for improved products and processes. And, over the years, a great many Inland steel users have benefited.



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Bars • Tin Mill Products • Rails and Track Accessories • Coal Chemicals

It's better business to buy Chevrolet Trucks



New, bigger load space saves time and extra trips!

New 1954 Chevrolet trucks save you time on the job in *two* important ways with new, roomier Advance-Design bodies.

First of all, they let you haul bigger, bulkier loads. The new pickup bodies are deeper . . . the new stake and platform bodies are wider and longer. There's bigger space for cargo so that you can move more of it in fewer trips. You not only save time, but you save on operating costs as well!

In addition, these great new Chevrolet trucks for 1954 make loading and unloading faster and easier than ever before. You'll find that floor-to-ground heights are lower in pickup, stake and platform bodies. As a result, there's less lifting to do—and less lifting means time saved at both ends of your trips.

New Chevrolet truck bodies bring you other big new advantages, too. Pickup bodies, for example, have a tailgate that seals tight when closed to prevent leakage of grain, sand, gravel and other loose loads. Stake and platform bodies feature a stronger rub rail for increased protection, and rounded rear corners to help prevent damage when maneuvering in close quarters and backing up to loading docks.

Another thing you'll like about these new bodies is their extra ruggedness. They're built to stand up under tough jobs and keep coming back for more!

Plan now to see your Chevrolet dealer and find out about *all* the money-saving new features offered by America's lowest-priced truck line. . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

CHEVROLET ADVANCE-DESIGN TRUCKS





Completely new '54 Chevrolet trucks offer all these brand-new features—

NEW AUTOMATIC TRANSMISSION:* Great new driving ease! Truck Hydra-Matic is offered not only on ½- and ¾-ton, but on 1-ton models, too!

NEW ENGINE POWER AND FUEL ECONOMY: Bigger, brawnier "Thriftmaster 235" engine. Rugged, durable "Loadmaster 235" engine. All-new "Jobmaster 261" engine.*

NEW COMFORTMASTER CAB: Offers new comfort and safety. New one-piece curved windshield gives extra visibility.

NEW RIDE CONTROL SEAT*: Seat cushion and back move as a unit to "float" you over bumps. Eliminates annoying back-rubbing.

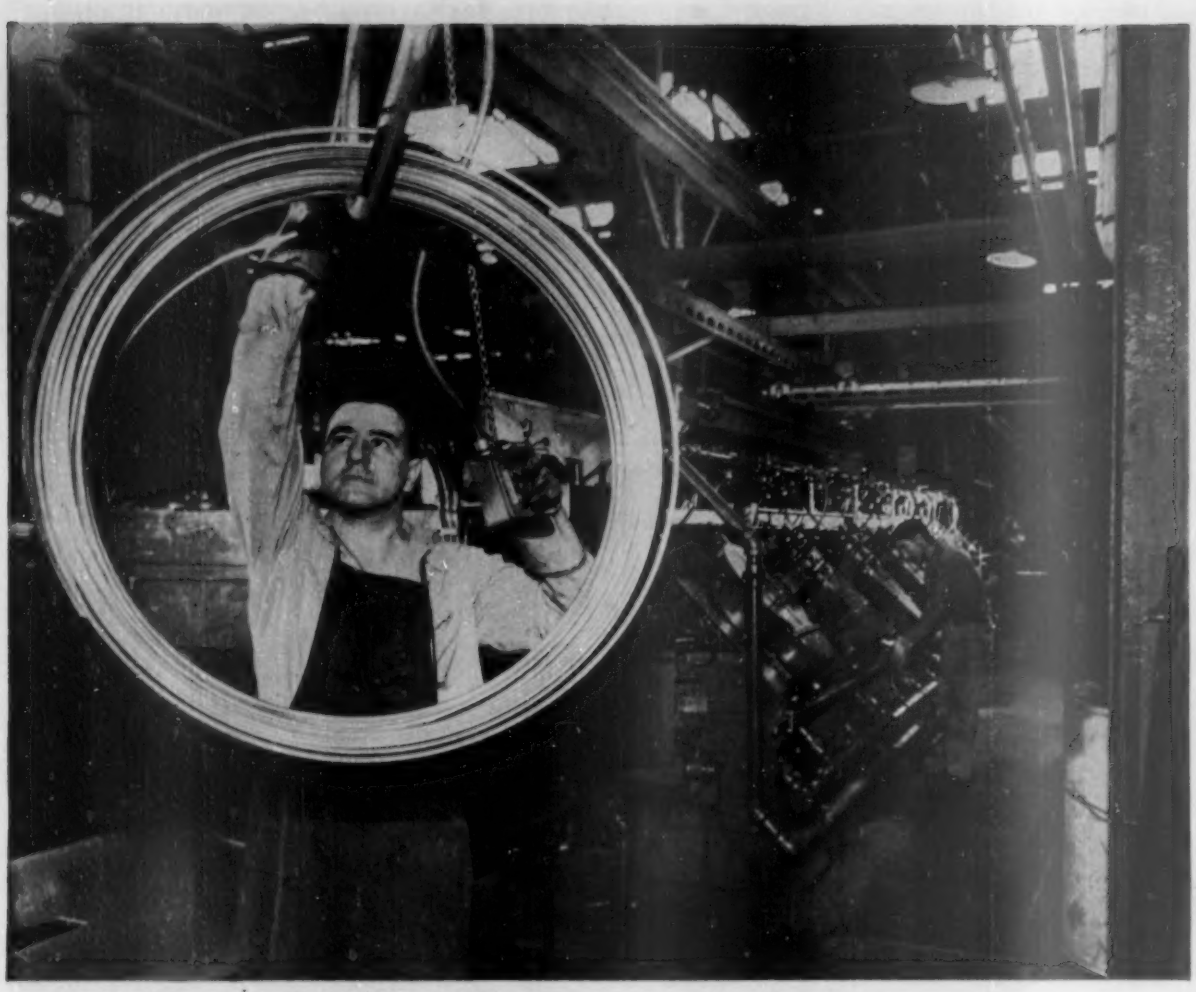
NEW CHASSIS RUGGEDNESS: You get extra strength and stamina! Heavier axle shafts in two-ton models . . . bigger, more durable clutches and more rigid frames in *all* models.

NEW ADVANCE-DESIGN STYLING: New, massive front-end design. New parking lights show the full width of the truck.

**Optional at extra cost. Ride Control Seat is available on all cab models, "Jobmaster 261" engine on 2-ton models.*

MORE CHEVROLET TRUCKS IN USE THAN ANY OTHER MAKE!

CHEVROLET



In Connecticut, a new idea.

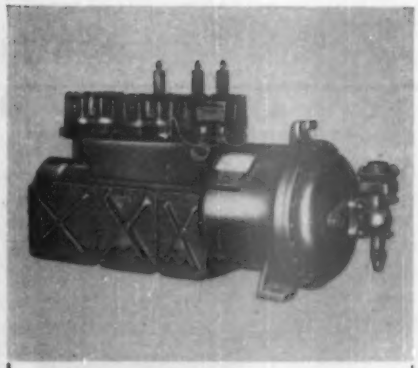
CHILLED COOLANT

BOOSTS BRASS OUTPUT

Here's an unusual application: a stock Westinghouse air conditioning compressor which speeds up rod production. First of its kind in the brass industry.

At Scovill Mfg. Co., they roll ¾" rod down to ¼", using special 12-stand mills running 24 hours a day. Our Connecticut distributor, J. P. Salmini Co., helped them improve this process. By pumping chilled coolant over the rod before it enters the rolls, they get these profit-making benefits: 1) increased output; 2) life of rolls tripled; 3) a better and more uniform finish; and 4) cleaner working conditions due to reduced oil smoke.

If your problem is product cooling—or process or comfort air conditioning of any kind—we can help you. Experienced Westinghouse distributors like J. P. Salmini Co. are located across the nation. Let one of them increase your profits with new ideas. He's listed under Air Conditioning in your classified telephone book. Westinghouse Air Conditioning Division, Hyde Park 36, Mass.



This is the compact, lightweight compressor which not only makes these production savings possible, but adds its own savings: less maintenance, longer life, peak efficiency and low operating cost. The hermetically-sealed design is the reason. No belts, pulleys, or shaft seals. It cools itself with the refrigerant it pumps!

WESTINGHOUSE AIR CONDITIONING

YOU CAN BE SURE... IF IT'S Westinghouse

J-80324

BUSINESS OUTLOOK

BUSINESS WEEK
FEB. 13, 1954



Detroit achieved the dubious distinction of a "substantial labor surplus" this week under circumstances that were, in a sense, surprising.

Auto output is high. Unemployment, such as it is, is relative.

Production of new passenger cars is running at an annual rate of more than 5-million. There's no crisis in such a figure as that.

Someone is bound to rise up at this point and declare, **"Detroit isn't the auto industry, and hasn't been for a long time."**

This statement contains more than a little truth. Nash, Willys, and Studebaker never have been in Michigan. Nor have a host of parts suppliers. Moreover, decentralization has made a big difference.

Yet **Detroit is the unquestioned motor capital.** Unemployment there, at a time of high car output, is a phenomenon worth watching.

"Substantial labor surplus," by definition, is more than 6% of the labor force. Detroit has had that for some time.

The auto industry "overemployed" at its peak last year. This will happen periodically in an industry as competitive (and as seasonal) as autos. "Corrections" have to be regarded as "normal," not as emergencies.

Labor gets hurt when particular models and makes run behind the auto parade. But government action won't solve short-run problems. Federal aid won't rejuvenate sales of a certain car and "emergency orders" of whatever kind are bound to be too slow to serve as a stopgap.

Detroit simply has a long-range labor-management problem.

The market won't let every year be a 6-million-car year. Swings all the way from 4-million to 7-million are quite conceivable.

Moreover, few industries have gone as far on automation as motors.

Only a good deal of skill or seniority, in this situation, can make a job secure. The union is prodded, on its side, to demand a guaranteed wage.

—•—

More talk than action has marked the inventory situation. Either that or the Commerce Dept.'s figures haven't caught up with the liquidation.

Reduction in inventory, such as it was last year, came almost entirely at the retail level. And even store stocks, after the Christmas rush, were down a little less than usual. The seasonally adjusted total rose.

As for manufacturers, they apparently ended the year with record stocks. The best that can be said is that factories, in the aggregate, added only a little to inventory after midyear.

Inventory adjustment, if indeed there is going to be one, is bound to be most noticeable in **durable goods manufacturing.** These plants' backlogs have fallen $18½-billion from the peak, a drop of almost 25%.

New orders are under $10-billion monthly (against $13-billion at the high), and are falling $2-billion a month below the value of shipments.

Ordinarily, a drop of $18½-billion in unfilled orders would be catastrophic. (Before Korea, it would have left hardly any business at all on the books of factories turning out hard goods.)

The drop in the last 15 months, however, included a lot of munitions cancellations. In addition, it started from a prodigious peak of very nearly $75-billion (in September, 1952).

With $65-billion in business still on their books at yearend, hard-goods plants were hardly destitute. Yet the shrinkage in the backlog, combined with declining new orders, was hardly comforting.

—•—

Construction, in the first month of the year, was good enough to lend substance to optimistic predictions (BW—Feb.6'54,p33).

The value of work put in place in January (despite unfavorable weather in many parts of the country) was more than $2.4-billion. This was 2.7% ahead of the very respectable figure for the same month last year.

—•—

Washington emphasized last weekend that it isn't going to let business suffer any credit cramps.

That's about all you should read into the rediscount rate cut.

Actually, the reduction from 2% to 1¾% in the rediscount rate by five of the Federal Reserve Banks will mean little right now. That's largely because the credit reservoirs are overflowing.

But this sets the stage for help over the March income-tax date.

By approving the present action, the Federal Reserve Board gets in on the side of the angels. It can't be accused of waiting too long (as has happened in the past).

True, the reduction in the rediscount rate came just as the Treasury was winding up its record refunding operation in which nearly $21-billion of old securities were "rolled over." But this was largely coincidental.

The Federal Reserve wasn't rushing to the Treasury's aid.

The "rolling" involved no new money, no net change in the credit supply. It was an assured success (page 66) before the rediscount change.

Here's an example of short-term money's plentitude: Bidders on last week's issue of Treasury bills were willing to take a return little more than one-third as high as they received last summer.

This short-term borrowing cost Uncle Sam only .893% (lowest in more than six years). Eight months ago, similar financing cost 2.416%.

Here was money hunting temporary work. It accepted a low wage—on a short-term contract. Thus it is free to seek better hire a little later (assuming a business pickup that will quicken demand for money).

Footnote on credit: **Tight funds can help nip a boom, but easy money doesn't automatically bring a new upsurge.** Credit stays ample and cheap, as a general thing, because business doesn't need or want it.

The thing that boosts demand for credit is an upsurge in new orders.

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Machine shop of Dravo Corporation after being repainted according to COLOR DYNAMICS. This steel-framed structure, 483 feet long by 138 feet wide, is located on Neville Island, near Pittsburgh, Pa.

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"One Of The Best Things That's Happened In Our Plant!"

Dravo Corporation's workers and management agree enthusiastically that functional use of color improves working conditions and increases productivity ...*Yet it costs no more* than normal maintenance painting!

AN OUTSTANDING EXAMPLE of the improvement in productivity and morale that results from the use of Pittsburgh COLOR DYNAMICS is the huge machine shop of Dravo Corporation, builders of heavy industrial equipment.

The activities in this shop include all machining and assembly operations required to produce individualized mechanical assemblies for river tow-boats, shipyard cranes, ore bridges and similar heavy machinery.

This plant was repainted according to COLOR DYNAMICS. The beneficial effects of this painting system are best described in these words of a Dravo Corporation spokesman:

"As the dull, drab gray was replaced by the modern, functional colors Pittsburgh carefully engineered for our requirements, workers enthusiastically commented, 'This is one of the best things that's happened in our plant!'

"Thus COLOR DYNAMICS provides a 'lift' for management-employee relations through improvement that can be seen, felt and appreciated. Further, there are dollars-and-cents advantages resulting from higher productivity at lower costs.

"Visitors constantly remark on the improved appearance. Therefore, we feel that COLOR DYNAMICS has enhanced customer as well as employee relations.

"Periodic painting of buildings and equipment is a maintenance necessity. That's why we consider these benefits from painting the COLOR DYNAMICS way as a highly desirable and worthwhile bonus."

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- Why not test the practical value of COLOR DYNAMICS in your plant—on a machine or two, or in a whole department? Send for our free book which explains how you can use this painting system simply and easily.
- Better still, call your nearest Pittsburgh Plate Glass Company and ask to have a representative give you a color engineering study of your plant, or any part of it, without cost or obligation. Or mail coupon at right.

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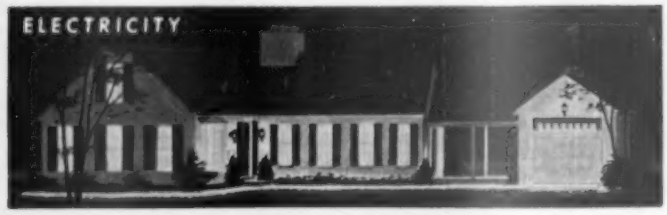
















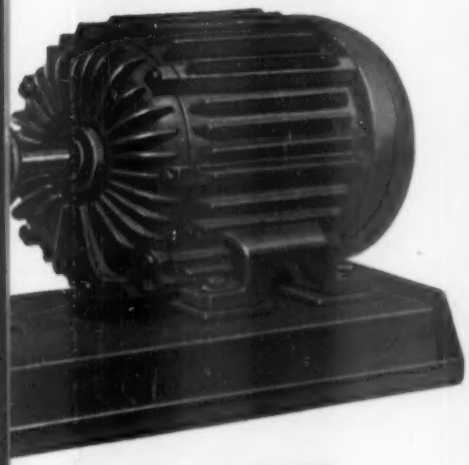
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By centrifugal force, this unit and others employing the same principle . . .

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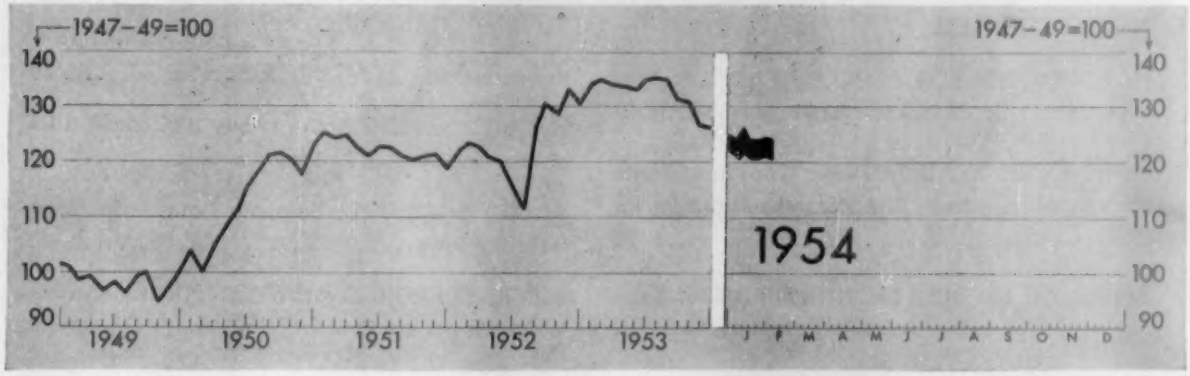
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FIGURES OF THE WEEK



	§ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Business Week Index (above)	*124.1	†124.6	126.4	135.0	91.6
PRODUCTION					
Steel ingot production (thousands of tons)	1,764	†1,774	1,772	2,248	1,281
Production of automobiles and trucks	138,378	†143,654	152,418	146,809	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	$30,658	$30,614	$36,429	$57,720	$17,083
Electric power output (millions of kilowatt-hours)	8,674	8,855	8,825	8,129	4,238
Crude oil and condensate production (daily av., thousands of bbls.)	6,271	6,257	6,284	6,522	4,751
Bituminous coal production (daily average, thousands of tons)	1,396	†1,402	1,358	1,479	1,745
TRADE					
Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars)	65	63	65	74	82
Carloadings: raw materials (daily av., thousands of cars)	39	40	38	42	53
Department store sales (change from same week of preceding year)	–1%	†none	none	+4%	+30%
Business failures (Dun and Bradstreet, number)	238	233	202	159	22
PRICES					
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	420.2	418.0	418.7	405.6	311.9
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100)	82.3	81.6	82.8	89.7	††73.2
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100)	97.4	96.6	98.1	85.0	††75.4
Finished steel, index (U. S. BLS, 1947-49 = 100)	141.3	141.3	141.4	130.6	††76.4
Scrap steel composite (Iron Age, ton)	$26.67	$27.33	$28.83	**$42.00	$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.)	29.975¢	29.975¢	29.995¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	$2.36	$2.38	$2.39	$2.37	$1.97
Cotton, daily price (middling, ten designated markets, lb.)	33.96¢	33.82¢	32.99¢	32.76¢	30.56¢
Wool tops (Boston, lb.)	$2.12	$2.12	$2.12	#	$1.51
FINANCE					
90 stocks, price index (Standard & Poor's)	208.1	206.5	198.2	204.7	135.7
Medium grade corporate bond yield (Baa issues, Moody's)	3.63%	3.65%	3.73%	3.52%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	2%	2%	2¼%	2¼–2½%	¾–1%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	55,588	56,115	55,272	54,589	††45,820
Total loans and investments, reporting member banks	80,660	80,070	80,819	77,958	††72,036
Commercial and agricultural loans, reporting member banks	22,638	22,502	22,942	22,952	††9,299
U. S. gov't guaranteed obligations held, reporting member banks	32,989	33,287	32,861	31,885	††49,879
Total federal reserve credit outstanding	25,860	25,495	26,519	26,148	23,883

MONTHLY FIGURES OF THE WEEK		Latest Month	Preceding Month	Year Ago	1946 Average
Average weekly earnings in manufacturing	January	$70.92	$71.96	$71.34	$43.82
Retail sales (seasonally adjusted, in millions)	January	$13,750	$13,916	$14,140	$8,541
Personal income (seasonally adjusted, in billions)	December	$284.7	$285.9	$280.6	$177.7
Farm income (seasonally adjusted, in billions)	December	$17.5	$16.9	$19.0	$18.9
Manufacturers' inventories (seasonally adjusted, in billions)	December	$46.7	$46.9	$44.2	$21.3
Wholesalers' inventories (seasonally adjusted, in millions)	December	$11,680	$11,930	$11,327	$5,489
Retailers' inventories (seasonally adjusted, in millions)	December	$22,635	$22,437	$21,592	$9,791

* *Preliminary, week ended Feb. 6, 1954.*
** *Basing pt., less broker's fee.*
† *Revised.*
†† *Estimate.*
Insufficient trading to establish a price.
§ *Date for "Latest Week" on each series on request.*

in BUSINESS this WEEK . . .

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TEXACO

INDUSTRIAL LUBRICANTS

BUSINESS WEEK

NUMBER 1276

FEB. 13, 1954



Dulles is insisting on a united Germany, free to ally itself with the West. Russia just won't buy it.



Molotov is proposing a 32-nation security pact squeezing U. S. out of Europe. The West certainly won't play.

ALL THE SAME, THE BERLIN CONFERENCE HAS SOMETHING NEW. THEY'RE . . .

Maneuvering for a Cold Peace

In Berlin this week there were no visible signs of East-West agreement on anything. Indeed, to the newspaper reader the Big Four foreign ministers' meeting looked like a flop—just another in the long series of futile diplomatic exchanges with the Russians.

But it's extremely unlikely that history will treat Berlin in this cavalier fashion. Odds are that it will pick Berlin as the conference that opened the cold peace, just as the 1946 foreign ministers' meeting in London opened the cold war.

• **New Game**—For this much about Berlin is clear already: It won't lead to a resurgence of the cold war or to anything more than an apparent increase in international tension. Despite the bitter duel between Secretary of State John Foster Dulles and Foreign Minister Molotov, both men have been playing a diplomatic game that's new in the postwar period.

They are maneuvering for position, maneuvering vigorously—but in the context of a cold peace, not a cold war.

Whether this diplomatic struggle will lead now, or later this year, to any genuine settlements is another matter. That depends a lot on whether a serious crisis develops in either France, Italy, or Japan (page 148) during the coming months. It depends even more on developments inside Russia—on how successful Malenkov is in coping with three big problems that beset him: a continuing power struggle at the top level; an increasingly serious agricultural crisis; and lack of progress in boosting consumer goods output (BW—Dec.19 '53,p28).

• **No Compromise**—The fact is that neither Washington nor London, and probably not even Paris, has been expecting Berlin to produce an agreement on Germany, the main topic of the conference. The three Western foreign ministers went to Berlin determined not to compromise on basic matters. Our terms then and now call for a freely elected all-German government that would have a right to ally a united Germany with the West. No one expected Molotov to buy this right now.

On any realistic estimate, only two things could be expected from Berlin. And it's still possible that the conference will produce some results on at least one of them:

• An East-West agreement on the terms and timing of an Austrian peace treaty. For Russia, this would mean giving up an entrenched position in Central Europe. But it would give Moscow greater political leverage on both France and Italy. In the case of France, it would encourage hopes of a German settlement, thus reinforce the current desire to stall on ratification of the European Defense Community. In Italy, such a peace gesture would enhance the growing strength of the Communists.

• A Soviet commitment that it will take Eisenhower's proposal for atomic discussions seriously, and not treat such talks as a mere propaganda gambit.

• **Tentative Shove**—Even if the Berlin meeting ends without either of these, the chances of a worsening in East-West relations are almost nil. That's assuming, of course, that the West

doesn't become so shaky that Moscow decides a shove is all that's needed to crumple the Western alliance.

Molotov obviously intended to try such a shove with his startling proposal for a 32-nation European security pact. There is no chance that the West will accept this proposal. It would involve a withdrawal of the U.S. from Europe, a dissolution of the North Atlantic Alliance, and, in the end, a Soviet-dominated European continent. However, this Molotov plan is bound to become an effective Soviet propaganda theme for months to come. It might even lead to another East-West conference on Germany by the end of the year.

• **Peaceful Portents**—At the moment, though, there's no sign that Moscow is in a mood to reopen the cold war. In fact, at least two things suggest just the contrary:

• The way the Communists fell in with the U.S. formula for disposing of the prisoners of war in Korea.

• The fact that neither Soviet planes nor Chinese-Red troops have appeared in Indo-China, despite increasing U.S. intervention there via supplies of American planes and U.S. technicians to the French.

Nor is the West in any mood to revive the cold war. On the contrary, the Western foreign ministers indicated at Berlin that they were ready to give up previous positions in order to open the way for businesslike discussions on Far Eastern problems. You can see this in the Western attitude toward a Big Five conference that would include Communist China.

• **Big Five, Maybe**—In the end, a tentative agreement to hold a Big Five meeting might prove to be the one concrete result of Berlin.

When Molotov opened at Berlin with a demand for such a meeting it looked as if the U.S. would buck the idea to the bitter end. But Dulles is now prepared to go along, if he gets any real assurance that Moscow and Peking will negotiate seriously on either Korea or Indo-China.

There's another good reason why Dulles is more inclined to compromise on Asian questions than on Europe. In a military sense, Indo-China is the weak link in the West's armor in Asia. There's almost no chance of an anti-Communist victory there without direct U.S. intervention on a large scale, and that's out of the question unless Red China first moves in directly. Meanwhile, the French are increasingly reluctant to carry on the fight.

• **Contrast in Europe**—By contrast, our position in Europe is strong, mainly because West Germany is now so solid economically and politically and so firmly tied to the U.S.

Moscow, for its part, has problems in East Germany that are more immediately critical than any we have on our side of the Iron Curtain. And further to the East, in Russia itself, the Malenkov regime has an agricultural crisis on its hands plus a growing demand for more consumer goods than Soviet industry can turn out for a long time to come.

Take East Germany first. Despite elaborate Soviet precautions, unrest has risen in the area during the Berlin meeting. The Russians not only strengthened their security forces but shipped in large quantities of food—sizable amounts of butter and meats that they bought from Denmark for gold, and 30,000 tons of potatoes that they requisitioned from Poland despite the shortage in that country.

Even so defiance of Soviet control is on the increase again in East Germany. That's true both in the factories and on the farms. The smoldering unrest may not produce another June 17 uprising, but it's serious enough to make East Germany less and less of an economic asset, perhaps even an economic liability before long.

• **Trouble at Home**—If the Russian economy were in good shape, economic troubles in East Germany and other parts of the satellite area might not cut much ice. Actually, though, the Malenkov regime has been losing rather than gaining economic ground in Russia over the past few months. You can't ignore the implications of this when you think of Berlin.

The essential facts of the Russian economic scene are these:

Agriculture. The Malenkov regime has now admitted a serious lag in grain output as well as in livestock. Soviet grain output in 1953 fell below the 1952 level, despite an expansion of acreage and the distribution of more fertilizers and farm equipment. This makes the fifth year in a row when Soviet grain output has dropped on a per capita basis. Almost certainly it means that Moscow has had to dip into its strategic grain reserves. It may mean that Russia will soon be shopping for wheat in the world market.

Consumer goods. The Malenkov regime boasts that output of consumer goods went up by 12% during the second half of 1953. But a close look at official Soviet figures shows the hollowness of this claim. Output of cotton cloth rose by only 5% and of shoes by 4% at most. The increase came in durable luxury goods like TV sets, refrigerators, and automobiles. At the same time the production of textile machinery (looms) rose by only 2% instead of 10% to 15% as planned.

• **Bid to Britain**—There is a direct link between these facts and Soviet offer to buy $1.2-billion worth of goods, with machinery for Soviet light industry high on the list, from Britain over the next four years. This offer was made in Moscow during the second week of the Berlin conference and had obvious political implications—to tempt the British away from the present close ties with the U.S.

You can be sure, though, that this offer isn't just part of a phony trade offensive. The Malenkov regime needs machinery from abroad if it is to meet the rising demand for consumer goods in Russia. It may need grain from abroad almost as much. In fact, the need on both counts could become so great that some day Moscow will offer political concessions, even on Germany, in order to buy what it needs from the West.

Atomic Locomotive? Someday. Maybe Sooner

Railroadmen were "interested and optimistic—but in no great rush" this week when a leading nuclear scientist told them it ought to be possible to build an atomic-powered locomotive right now and offered them designs for an engine he said could compete on even terms with a diesel.

The scientist: Dr. Lyle Borst is professor of physics at the University of Utah. He has no present connection with the Atomic Energy Commission, but he worked on the atomic bomb during the war and was in charge of construction of an experimental reactor at the AEC's Brookhaven laboratory. The locomotive study was his own idea, was handled as a project by his graduate class with the help of information furnished by various railroads and engine manufacturers.

The design: a 7,000-hp. two-unit locomotive 160 ft. long. The forward unit would contain a compact atomic reactor fueled by enriched uranium containing a higher than natural proportion of fissionable U-235. Heat from the reactor would generate steam, which would drive turbines, which would generate electricity to power the locomotive. About 200 tons of metal shielding would surround the reactor.

Borst believes such a locomotive could be built for about twice the cost of an equivalent diesel. Fuel costs would be far lower—11 lb. a year of enriched uranium at something like $9,000 a lb.

Obstacles are obvious. Most scientists would estimate a higher construction cost; the Atomic Energy Act would have to be amended; and the thought of a reactor involved in a train wreck is rather frightening. Even so 65 railroadmen showed up in Salt Lake City this week for a suddenly announced briefing, some of them flying from the East.

Fight Over TVA's Future

The Administration has tentatively banned further growth of the giant power project. Democrats fear it will be scuttled; they've readied an attack on the President's policies.

The Tennessee Valley Authority is right in the middle of one of its biggest fights. It's not a life-and-death proposition yet, but it is a fight for continued growth of the monumental New Deal electric utility system that serves customers in the seven valley states. On the outcome depend not only power rates in the area but availability of power supplies for the Tennessee River Valley's expanding industries.

• **Responsibility**—Here is the picture: During 20 years of Democratic rule, TVA was a pet agency of the administration and of Congress. There were scraps and setbacks, but it went right on expanding its electrical generating and transmission system. By last July, it was producing nearly 24-billion kwh. a year (BW—Dec.12'53,p98).

It's still expanding at a rapid pace. But for the time being, President Eisenhower's Administration has slapped a "no new starts" dictum on TVA power projects—just as it has on other federal power projects. The catch is that TVA is the only federal agency that has the full responsibility of meeting the power needs of its customers. This is in the tightly written power contracts it has signed with the towns, co-operatives, and business firms that buy TVA power for their own use or to sell to residential and commercial consumers.

• **Attack**—Now, TVA defenders have begun to draw their lines of attack against Eisenhower's policies and people:

• They are out to break through the President's budget request of $120.9-million for the agency during the next fiscal year. They argue this amount for power expansion puts TVA on a "starvation diet" and is but the first step toward selling the agency to private interests. Democratic Senators James O. Eastland, Lister Hill, and Estes Kefauver opened up this week on the floor of the Senate as the House Appropriations Committee began consideration of TVA's money requests.

• They are shooting for an extra $30-million to start work on the Fulton steam plant north of Memphis. Experts from TVA say this is where the power is needed most, and they propose a 450,000-kw. plant there. While TVA officials nominally are going along with the President's policies, they have let it be known that they still think the Fulton plant is the only answer to the area's power problems.

• They are making ready to oppose confirmation of a new TVA chairman to succeed Gordon Clapp—appointee of former President Truman—this May. This is even before Eisenhower has submitted a nominee. The Democrats take seriously the speculation that a Chattanooga businessman, Harry C. Carbaugh, will be named. He has the backing of the Republican committee in Tennessee, and has been a money raiser for the party. That's enough to bring on a premature Democratic attack.

• **Egg Man**—Carbaugh was but little known outside his home city before his name crept into Washington rumors.

He's president of Tennessee Egg Co. (Chattanooga)—a multimillion-dollar company. He works closely with farmers, has been an officer of various butter, egg, and poultry industry associations. He's also director of a bank, chairman of a university planning committee, deacon of the First Baptist Church. He's chairman of the Tennessee State Republican Finance Committee and a member of the national committee. His age is 59.

His most powerful champion in Tennessee is Guy L. Smith, state Republican chairman and editor of the Knoxville Journal. The Journal has plugged Carbaugh editorially, and Smith has announced his intention of recommending Carbaugh to the White House for the TVA job.

• **"Wolf"**—In answering the Democratic attack on Carbaugh and other aspects of the Administration's plans for TVA, Republicans say the Democrats are "crying wolf," that the Administration has no plans afoot to scuttle TVA. Senate Majority Leader William F. Knowland has answered the Democratic attack with the retort that if a sellout is under way he will "most vigorously" oppose it.

The Republicans point out that even though Eisenhower has banned new starts for TVA, he has offered to shift a sizable chunk of the Atomic Energy Commission's power demands from TVA to other utilities. This would free TVA to serve other customers with some 600,000 kw. of the power it had committed to AEC. But TVA boosters don't want to give up this—they want AEC as an "insurance policy" against further attacks.



Cross Between Airplane and Helicopter

This weird craft is the XV-1 Convertiplane. Using its jet-powered rotor it can reportedly fly straight up or down—or hover, as the mood strikes it—like a helicopter. Using its pusher propeller, it can fly horizontally at the speed of a standard plane. It was developed jointly by the Air Force, the Army Transportation Corps, and McDonnell Aircraft Corp. Principal uses, at first, will be in military reconnaissance.



ECONOMISTS from business and academic life mustered in Washington this week to dissect the President's Economic Report.



LEGISLATORS on congressional Joint

Airing the



WALTER E. HOADLEY, JR., Armstrong Cork Co. economist, optimistically held repair work will take up bulk of slack from new-housing downturn this year. By 1960s he sees new starts hitting 1.5-million a year.

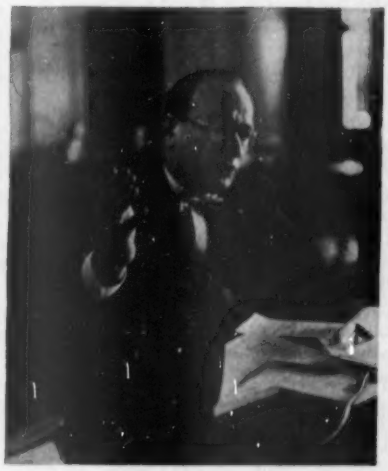


Committee on the Economic Report gave ear. It was a high point in current series of intensive hearings . . .

Big Debate on '54 Business



RALPH WATKINS, Dun & Bradstreet, Inc., research chief, pessimistically warns of a decline in gross national product from an annual rate of $371-billion in peak quarter of 1953 to $350-billion in 1954.



STANLEY H. RUTTENBERG, CIO research head, made point that stimulation of purchasing power of individuals can best be accomplished by increasing individual tax exemptions, letting excise taxes drop Apr. 1.

Top economists from business and academic life trouped to Washington this week to join the great debate over the state of U. S. business.

They spoke for some of the big names of industry and trade: Ford Motor Co., Sears, Roebuck & Co., Armstrong Cork Co. Their verdict delivered before the congressional Joint Committee on the Economic Report: Business looks good, and there's even a strong likelihood of recovery before the year is over.

Most of them found little to criticize in the Administration's plan for meeting the current slide-off in production. They agreed with Eisenhower and his Council of Economic Advisers that present inventory contractions are likely to end soon, and that business should be back on another round of growth before the year is over.

• **Dissenters**—There was a small but strong minority dissent—which split the economists as sharply as the politicians were split last week on the same

subject and before the same committee of Congress.

Gerhard Colm, economist for the National Planning Assn., put the minority case most sharply. He said the optimistic predictions might well be proved wrong if consumer spending were not jacked up. The CIO's top economist, Stanley Ruttenberg, took the same view.

• **Same Issue**—The economists dressed up the argument in the language of scholarship—but committee members recognized it as pretty much the same issue that already had Republicans and Democrats quarreling. The session laid down the general lines of a debate that will be raging up to election day in November—or until employment climbs so sharply that Democrats must find another issue.

At stake is control of Congress—as well as the future of the U. S. economy. Republicans are gambling on a quick and solid upturn to carry the November elections. Democrats are risking almost as much; a real upturn could cut the ground from under their carefully calculated campaign of challenging every major economic decision of the Administration.

I. Senators Dig In

Seldom has an Administration been called on to defend its program in toto, in public, and against critical questioning by the opposition's top interrogators. The day after Eisenhower's Economic Report went to Congress, its chief author, Arthur F. Burns, chairman of the Council of Economic Advisers, was being questioned by the joint committee in a closed session. Last week the shooting came out in the open.

Secretary of the Treasury George M. Humphrey was the first to get the Democratic treatment in public. Sen. Paul Douglas of Illinois used the slide in steel production—from around 100% of capacity a year ago to the low 70s today—as his No. 1 argument that we are already in a recession. Douglas hammered at Humphrey's cheerful view of business so persistently that Rep. George Bender of Ohio finally complained the Democrats were "inciting the fears of the people." But Humphrey got practically no help from the Republican side when it came to the economic argument. His counter to Douglas was to stress the spotty nature of the downturns.

It was Sen. J. W. Fulbright of Arkansas who lighted the fuse on what Democrats obviously think will cause a political explosion by November. To Fulbright, the problem appeared to be one of too much goods compared to what consumers want or will buy right now. He questioned whether the Republicans were right in pushing for even more capacity by encouraging investment. Wouldn't it be better economics, he wanted to know, to put more money into the hands of consumers?

Humphrey's reply: "The goose that lays the golden egg is production." But he also argued that the Administration—by allowing personal income-tax reductions to go into effect Jan. 1—was helping encourage both consumption and investment.

William McChesney Martin, Jr., chairman of the Federal Reserve Board, ran into the same Democratic line. He supported the Eisenhower program. But committee members felt it took a lot of persistent questioning to get him to take a firm stand on the tax issue. In the end, he said his choice would be investment incentives at this time, as against a rise in personal income-tax exemptions.

Secretary of Agriculture Ezra Taft Benson stuck by his farm program, which Democrats are sure to blast in the fall. Douglas was joined by Sen. John Sparkman of Alabama in a series of questions to establish that price supports for crops such as wheat, corn, cotton, and peanuts would be sharply down from present figures if the Administration program were in effect. It was obvious that the Republicans on the committee were uncomfortable. None came to Benson's support to defend lower farm prices.

II. What About Investment?

In all, the Administration spokesmen seemed glad to step aside and turn the defense over to visiting economists. The committee has invited panels of experts for discussions every year since the Employment Act of 1946 was adopted, with the exception of last year when the Eisenhower Administration had just taken over.

This year the panelists led off with a discussion of the investment outlook. Dexter M. Keezer, director of the economics department of the McGraw-Hill Publishing Co., set the stage:

• Surveys of investment planning indicate that for the first quarter of 1954 business is planning to spend more for new plant and equipment than in any first quarter on record.

• For the balance of the year, plans call for a very high rate, but one that would decline moderately as the year advances.

Walter E. Hoadley, Jr., economist for the Armstrong Cork Co. (picture, page 31), said housing was expected to move along at about the 1953 level. In general, he sided with the Administration view of inventory cutback: some still to come, particularly at the retail level, but "the worst, in terms of magnitude, is behind us."

George Terborgh, director of research for the Machinery & Allied Products Institute, hailed the Administration's endorsement of quicker tax write-off for investment goods—and found himself locked in debate with CIO's Stanley Ruttenberg (picture, page 31). Ruttenberg was careful not to oppose stimulation of investment in general, but argued against it as the proper method of getting business back on a growth spiral right now. He took the line expressed earlier by Democratic members of the committee—more consumer spending is the answer.

III. What About Consumers?

Consumers moved more directly into the spotlight in the next panel.

Gordon B. Hattersley, vice-president of Sears, Roebuck & Co., said retail inventories were not out of line with current sales except for some lines hit by mild fall weather. By mid-1954 he thinks employment in consumer hard goods production may well turn up, as a result of the current brisk retail sales.

Hattersley did have a warning: Don't expect the upturn, when it comes, to be as brisk as that which occurred after the 1948-49 inventory readjustment.

George P. Hitchings, manager of economic analysis for Ford, underscored Hattersley's point regarding 1949. In that year auto sales continued brisk despite a general business downturn because of pent-up demand. That demand has now been filled. From now on, auto sales will move with general business activity. Assuming employment holds up as well as the Administration now expects, he thinks no more than 5-million new cars will be sold this year. Last year, about 5.7-million were sold.

Gerhard Colm of NPA was on the consumer panel to underscore doubts about the short-run picture. He argued that with normal gains in productivity, we will be able to produce $15-billion more goods this year than we did at the annual rate of the fourth quarter of 1953. Government spending will be down some $5-billion. Private investment doesn't seem to promise much gain. So, says Colm, that leaves some $20-billion of additional spending to come from consumers alone, if we are to retain employment at levels of the last quarter of 1953.

• **Upshot**—All this left the great debate pretty much where it started.

On the opening day, Humphrey argued, "We can have fine conditions in America and still have everything minus of 1953."

Ruttenberg answer for the minority: "We can't afford to have a year in which the gross national product does not expand."

Hughes Coup

His offer to buy RKO sent stock prices soaring—and started a lot of guessing about what he hopes to accomplish.

Wall Street calmed down after Monday's gale-sized flurry in RKO Pictures stock following Howard Hughes' offer to buy RKO assets for $23.5-million. But the guessing game goes on as to what Hughes is after.

Hughes already owns a controlling minority interest of 1,262,129 of the 3,914,913 shares issued. What he proposes now is this:

• Hughes would pay RKO Pictures Corp. $23,489,478 in cash for all its assets, free and clear. The directors must act on this offer by 6 p.m. next Monday or else it expires. Stockholders other than himself must approve by Mar. 31.

• Assets would be transferred to Hughes not later than 10 a.m. Apr. 2.

• Out of Hughes' payment, RKO pictures would redeem all stock—except that owned by Hughes—at $6 a share. Stockholders would have 60 days to act.

Thus, Hughes would wind up owning, in one package, all the RKO assets—real estate, film library, contracts of stars—and in another package, the corporate structure of RKO. Assuming all stockholders took advantage of the $6-a-share redemption offer, he would be sole owner. In the treasury would be the $7,572,726 of the sale price that wasn't used to redeem his own shares.

• **What's It Worth**—At that point the guesswork starts. What would Hughes get for his net outlay of $15,916,752?

Under Hughes' control since 1948, RKO Pictures has been a singularly unsuccessful enterprise. Its operating subsidiaries have run up more than $20-million in losses in the past five years—$3.7-million in the nine months ended last Oct. 3. Stockholders' suits against Hughes, charging mismanagement, estimate losses at $38-million since Hughes took control.

This background suggests two possible gains for Hughes in laying out nearly $16-million of his own money:

• He would automatically squash the stockholder suits if he became the sole shareholder.

• The loss carryback for tax purposes would be valuable in offsetting the earnings of some more profitable company. Hughes might sell the corporate shell of RKO, or he might work out some way of merging it—and its tax credit—with one of his own enterprises.

For example, Hughes Aircraft Co. (BW—May23'53,p85) is reputed to clear more than $20-million a year, and Hughes Tool Co. makes annual profits estimated at $15-million.

• **Other Assets**—From his bag of former RKO Pictures assets, Hughes might be able to pull a trick or two as well. According to rumor, producers of films for television would be glad to take over the RKO lot, either by purchase or lease. Hughes could also elect to produce for television himself, or for the movies, and do it as he likes best—with no one holding him to account for his ideas.

A still higher potential value is put by the trade on RKO's huge stock of unreleased and previously released movies. Television would be a big market for these films if Hughes chose to unload at a price that might get his $16-million back quick. It's a thought that worries other movie makers.

• **Stock Market Jam**—Hughes timed his announcement for Sunday night. Before the New York Stock Exchange opened Monday morning, "buy" orders were piling up. Trading in RKO stock was held up for 2 hr. 21 min. while Big Board brokers tried to balance buy and sell orders and fix a fair opening price. Exchange chairman Richard M. Crooks and others of the Board of Governors sat in at various times.

Trading finally opened with a block of 200,000 shares, largest in five years, moving at 5⅛. The stock had closed Friday at 2⅞. The opening price proved to be well-chosen, as the price seesawed around that figure. It closed at 5⅛ on a volume of 487,200 shares; the board's volume for the day was a hefty 2,180,000 shares. Tuesday's price remained unchanged as 110,500 shares were traded in a volume of 1,880,000.

Washington's Road Map Stepup in Federal Aid

Congress and the Administration have teamed up to accelerate federal-aid highway construction. A bill introduced this week—with White House blessing—would increase federal highway aid to more than $850-million a year for fiscal 1956 and 1957—50% higher than the present $575-million.

With the states matching this federal money as required, the stepped-up highway aid would produce about $1.7-billion of new construction each year on the federal-aid systems.

Some $200-million of the increased aid will be directed specifically to the nation's main trunk routes in the 40,000-mi. National Interstate Highway System.

Congress may ease the matching requirements for interstate projects. The matching ratio on these is likely to be made 60% federal and 40% state, as compared with the existing 50-50 ratio on all projects.

States Lose Out

Three state tax laws are axed by Supreme Court; Texas loses $24-million gas levy; refunds called for.

State business tax laws took it on the chin this week in the Supreme Court: In three separate rulings, the high court struck down taxes levied by Texas, Arkansas, and Washington.

• **Interstate Gas**—The state of Texas loses about $24-million it held in a "suspense fund" while interstate pipeline companies were challenging the constitutionality of a state "occupational" tax. In the two years the law was on the books, 100 companies had paid under protest a tax levied on all natural gas produced in the state for transmission and sale outside the state.

This week, the Supreme Court reversed the Texas courts and invalidated the tax, siding with Michigan-Wisconsin Pipe Line Co. and Panhandle Eastern Pipe Line Co. The two companies, in effect representing all complaining pipelines, argued the tax was an unconstitutional burden on interstate commerce. A special session of the legislature will be called next month to find a way to replace the lost revenue.

• **Who's the Buyer?**—In the Arkansas case, a 6-3 majority of the court ruled that a state cannot collect a tax on the sale of equipment to a contractor who acts as purchasing agent for the federal government. Arkansas courts upheld the tax on the sale of two diesel tractors by a Little Rock merchant to contractors building a naval ammunition depot at Shumaker. The contractors held a cost-plus contract with the government, but state courts said that the sale was to them and not to the government.

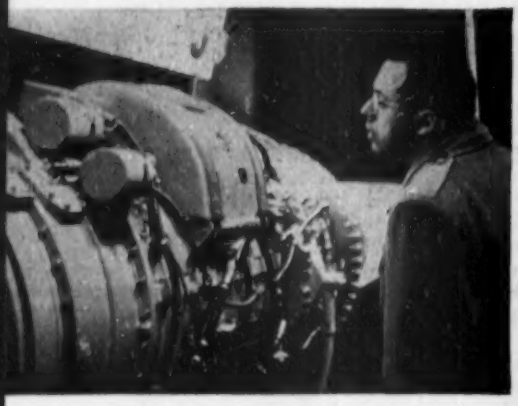
The Supreme Court held that the sale actually was to the government—and not the contractors—and was thus immune from the state sales tax.

• **AEC Agent**—The court's decision on the Washington tax in effect requires refund of a business and occupation tax collected on General Electric Co.'s operation of the Atomic Energy Commission's Hanford installations.

The Supreme Court's ruling actually means that Washington (Ohio and Indiana have similar laws affecting AEC installations) will not be able to hold money collected before Oct. 1, 1953. Congress recently withdrew the AEC tax exemption, effective as of that date. Thus liabilities incurred between January, 1947, and October, 1953, have been erased by the court; but states apparently now are free to collect from last October on.



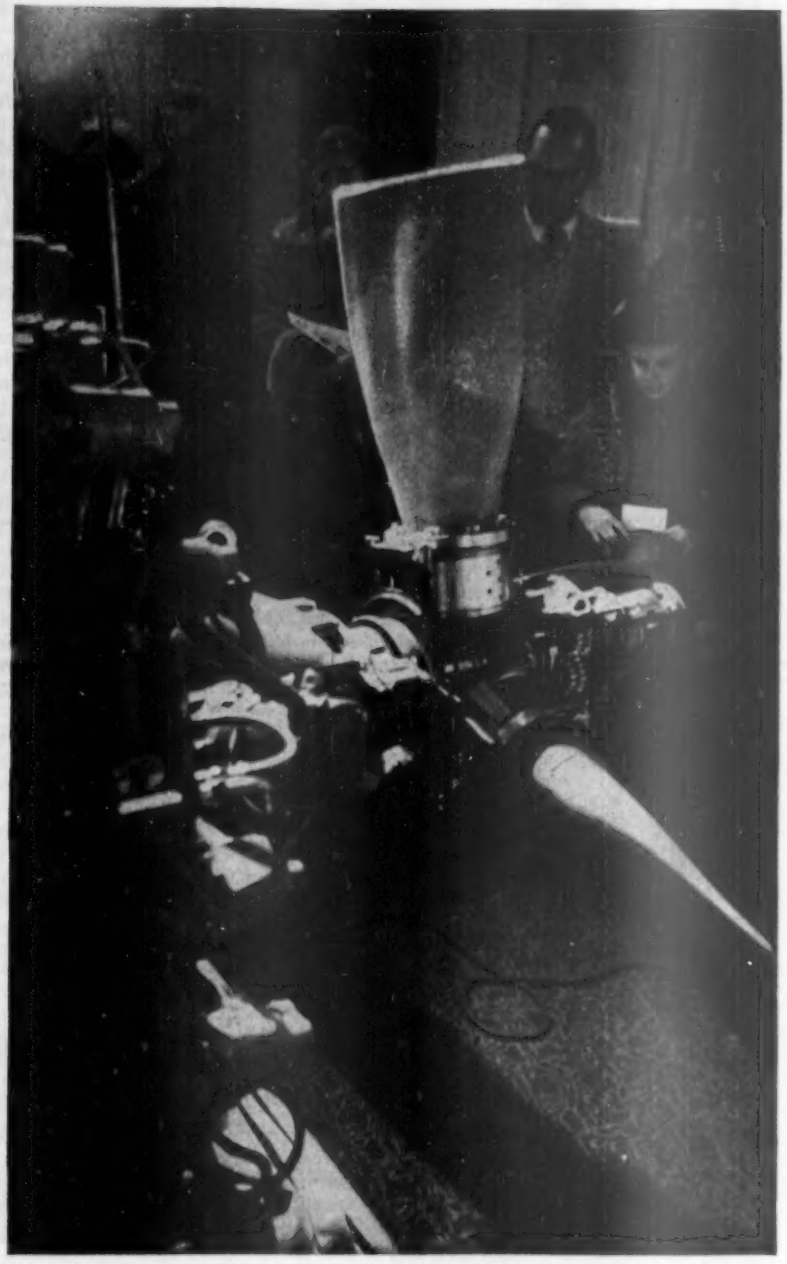
Turbo compound starred . . .



. . . but turbojet and . . .



. . . power data had fans.



Kids and grownups gawk at working model of Curtiss-Wright's turbo compound as . . .

Aircraft Engines Wow the Public

Curtiss-Wright Corp. is no producer of consumer goods, but that didn't prevent its drawing big crowds to an exhibit last week in the Jade Room of New York's Waldorf-Astoria. Public interest in the workings and differences of modern aircraft engines was so lively that the show, planned for four days, was held over for one more.

The principal exhibits were three-dimensional diagrams of five types of engines: turboprop, turbojet (both single-spool and two-spool), ram jet, rocket, and turbo compound—a piston engine with a turbine that uses exhaust heat and pressure to help turn the drive shaft. The chief emphasis was on efficiency—fuel consumed and power produced.

C-W was making a big point of the fact that the turbo compound—which powers the DC-7 and the Super-Constellation, and is made by C-W alone—is more efficient than the other types at the subsonic speeds at which most passengers will cruise for years to come.

Up to 1,000 people an hour examined the diagrams, which did not show interior workings of the engines (except for a cutaway working model of the turbo compound). For those who wanted to dig deeper, there were booklets with three-color drawings.

THE CASE OF THE SUSPICIOUS BUSINESSMAN!

by Mr. Friendly



He thought his employees odd types
But didn't want to ask
The office boy why he wore stripes
Or sometimes wore a mask!

He said, "They're honest lads, I know
And I'm a trusting Boss
But what if they should swipe my dough
And cause a frightful loss?"

Said Mr. Friendly, "Honesty . . . is the *best* policy . . . But American Mutual's Comprehensive Crime Policy gives you complete protection against burglary, robbery, theft, forgery and employee dishonesty . . . with a chance to save 15% through dividends!"

The man signed up and worried no more
. . . And, although from time to time
He wondered about the corpse on the floor,
He knew he was safe from crime!

AMERICAN MUTUAL

. . . the first American liability insurance company

© 1954. AMERICAN MUTUAL LIABILITY INSURANCE COMPANY

With crime on the increase, it will pay you to look into our special Comprehensive Crime Policy*. . . one of the broadest policies ever issued. Send today for free booklet, "Modernizing Your Crime Loss Insurance Protection." American Mutual Liability Insurance Co., Dept. B-105, 142 Berkeley St., Boston 16, Mass. Branch offices in principal cities. Consult classified telephone directory.

**In New York, Louisiana and Texas coverage is limited to the standard Comprehensive Dishonesty, Disappearance and Destruction Policy.*



"It just ain't right. Cyclone Fence put us here, and Cyclone Fence keeps us here."

● Many a promising criminal career has been nipped in the bud by Cyclone Chain Link Fence. When you specify Cyclone, you get Grade A protection. For proof, note that Cyclone is the most widely used property protection fence in the world.

Cyclone *looks* good, too. Factory trained erection crews make sure that every fence is tight and trim, with the posts set deep in concrete footings. Gates won't drag, top rails won't buckle, because of the special ball and socket hinges and spring-equipped expansion joints.

For long life, every Cyclone Fence is galvanized *after* weaving. It's a more costly manufacturing process for us, but it assures you of a fence coating that won't check or crack.

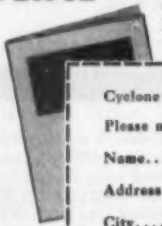
CYCLONE FENCE DEPT., AMERICAN STEEL & WIRE DIVISION, UNITED STATES STEEL CORPORATION
WAUKEGAN, ILLINOIS • SALES OFFICES COAST-TO-COAST • UNITED STATES STEEL EXPORT COMPANY, NEW YORK

U·S·S CYCLONE FENCE

Cyclone is the trade-mark name of fence made only by Cyclone. Accept no substitute.

FREE BOOKLET ON FENCE

Our informative booklet is filled with photographs, drawings and graphic descriptions of different styles of fence and gates for the protection of property. Whether you're interested in a few feet of fence or miles of it, you'll find this booklet worth your while. Send for your copy. It's free.



CLIP THIS COUPON — SEND IT TO

Cyclone Fence, Waukegan, Ill., Dept. 424

Please mail me, without charge or obligation, a copy of your booklet.

Name.....

Address.....

City.....Zone....State.....

USS

UNITED STATES STEEL

BUSINESS BRIEFS

Robert R. Young got a flat turndown from the New York Central on his bid for two seats on the board of directors and to be chairman and chief executive officer. Young's Alleghany Corp. sold out its interest in Chesapeake & Ohio (BW–Jan.30'54,p90) last month so that he could try to move into the Central management.

•

Steel price cut—$2 a ton for carbon steel plates—was announced by Lukens Steel Co. Competitors say the cut merely brought Lukens' rates into competitive line. But on the same day, Iron Age, trade weekly, reported that heavy competition was forcing producers to cut some prices, mainly via freight absorption and reduced extras.

•

The guided missile test range being built for the Defense Dept. has been taken over by Pan-American World Airways and Radio Corp. of America. The range, which will extend about 1,000 miles from the middle of the Florida coast into the Caribbean, will be the largest such facility operated by private industry.

•

Packard Motor Car Co. has started the first major plant move in its 55-year history. Engine manufacture is being shifted from the downtown Detroit plant to Utica, Mich., where it will use about two-thirds of the 1.5-million-sq. ft. plant built by Packard to make jet engines. The company says this is the first step in a "multimillon-dollar" plant modernization.

•

Output reductions to shave inventory are a soft spot in an otherwise fairly sound U. S. economy, Commerce Dept. experts say. Total production of goods and services is now at an annual rate of $362.5-billion, compared with a $365-billion in the fourth quarter and $371-billion in the peak second quarter of 1953. The Commerce Dept. blames inventory cutting for virtually the entire decline.

•

Got $2-billion? The Treasury says it will have to borrow that much in cash between now and the end of June, perhaps via long-term bonds.

•

Standard Oil (Indiana) plans to absorb Pan American Petroleum & Transport Co., of which it already owns 78%. Stockholders will meet Mar. 31 to consider the deal, based on .777 shares of Standard of Indiana for each share of the subsidiary.



Keeping Carrier's coolers quiet

A room air conditioner is a mighty fine aid to comfortable summertime sleeping, provided it does its job quietly. Thus, most of the big manufacturers like the Carrier Corporation at Syracuse, New York, use fibrous glass insulation to muffle any noise or vibration which might interfere with sound slumbers.

Carrier uses 3M's EC-104 adhesive to quickly and firmly attach this filmy insulating material to motor housings and other curved metal surfaces within their unit. A quick brush coat of adhesive . . . press the fibrous glass pad in place, and the assembly moves down the production line without a hitch.

See what adhesives can do for you . . . Next time you're faced with the problem of bonding together dissimilar materials, consider the advantages 3M Adhesives offer. Send for our latest Designer's Handbook which shows how better designs and lowered unit costs can be achieved with the aid of these modern bonding materials. Address your request to 3M, Dept. 12, 417 Piquette Ave., Detroit 2, Mich.

3M COMPANY

ADHESIVES AND COATINGS DIVISION **MINNESOTA MINING AND MANUFACTURING COMPANY**

417 PIQUETTE AVE DETROIT 2, MICH. • GENERAL SALES OFFICES ST PAUL 6, MINN. • EXPORT: 122 E 42 ST., N. Y. 17, N. Y. • CANADA: LONDON, ONT.

MAKERS OF "SCOTCH" BRAND PRESSURE-SENSITIVE ADHESIVE TAPES • "SCOTCH" BRAND SOUND-RECORDING TAPE • "SCOTCHLITE" BRAND REFLECTIVE SHEETINGS • "3M" ABRASIVE PAPER AND CLOTH • "3M" ADHESIVES AND COATINGS • "3M" ROOFING GRANULES • "3M" CHEMICALS



SUDDEN DARKNESS may be costly...

. . . injuries to customers . . . pilferage . . . property damage . . . fire . . . loss of process control . . . lost business . . . are often costly results from a sudden lighting failure.

Despite all precautions of utility companies, storms, floods, fires and accidents do interrupt normal supply of electric current—cause thousands of dollars worth of damages. But, dependable, low cost light insurance can be yours with Exide Lightguards. When a power failure occurs, during any time of the day or night, Exide Lightguards go on *instantly* and *automatically* . . . flood lighting vital areas such as exits, stairwells, cashier's cage, sales floors, engine and switchboard rooms. Emergency lighting prevents personal injury, property damage, pilferage, and other business losses.

The importance of our civil defense programs further emphasizes the need for emergency lighting. In many cities and states, it is now required by law. Every businessman should obtain complete facts on the new Exide Emergency Lightguard.



NEW EXIDE LIGHTGUARD—A portable, low cost unit that combines exceptionally long service life, low maintenance, with excellent discharge characteristics. Unit can be plugged into any A.C. lighting outlet. When normal supply of current fails, a built-in relay instantly and automatically turns on the powerful floodlight. After normal service is restored, the relay shuts off floodlight and returns battery to charge. The Exide battery, specifically designed for emergency lighting service, is always ready for immediate use. Double lamp units are also available in Model M and Model T. *Call in an Exide representative and let him show you how this low cost equipment can protect your business.*

Providing dependable emergency lighting is but one of more than 250 different applications of Exide Batteries.

There are dependable Exide Batteries for every storage battery need. They power battery-electric trucks, mine locomotives, trammers and shuttle cars. Railroads depend on them for diesel locomotive starting, car lighting, air-conditioning, signal and communication systems.

Exide Batteries are used by telephone, telegraph and cable companies . . . electric light and power utilities . . . radio and television stations . . . ocean, river and harbor vessels . . . municipal fire alarm and police telegraph systems.

Where dependability is vital, you'll find Exide Batteries on the job.

Exide
BATTERIES

"EXIDE" *Reg. T.M. U.S. Pat. Off.*

1888...DEPENDABLE BATTERIES FOR 66 YEARS...1954

THE ELECTRIC STORAGE BATTERY COMPANY, Philadelphia 2 • *Exide Batteries of Canada, Limited, Toronto*

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
FEB. 13, 1954



The political fire is getting hotter all the time. The charges and counter-charges that hit the headlines this week point up the issues to be used in the fight for House and Senate control this fall. They involve the business side of Eisenhower's program.

The Democratic strategy on which party leaders base their hopes for a political comeback is pretty much out in the open.

The charges against Eisenhower's Administration are that it favors the rich against the poor, and that it plays down the danger that there may be a bad recession.

You don't have to look far for the specifics. Hearings now going on before the House-Senate economic committee on the President's program show the attack and the Administration's defense (page 30).

Taxes are the No. 1 issue. Eisenhower agreed to the Jan. 1 cut of some $5-billion on the grounds that savings in spending made it possible to drop the excess-profits tax and the 10% boost on individuals. On top of that, he proposed revisions to save taxpayers nearly $1.5-billion.

Who is to get the cut? That's the political debate splitting Congress. Eisenhower put the emphasis on those who invest—corporations and stockholders. The Administration insists that more liberal depreciation rules and relief from the double tax on dividends will maintain the flow of money for expansion and modernization. And that, in turn, will make jobs.

The Democrats charge that this favors the rich. So there's a push to cut taxes on individual incomes in the name of stimulating consumption.

The farm program is No. 2 on the list. Eisenhower wants flexibility in farm price supports. He hopes this will reduce the government's part in controlling production and help keep down government-owned surpluses. But on many crops this would mean lower prices for the farmers. The Democrats are making the most of it. After all, Truman did a job in 1948 by telling the farmers that the Republicans would leave them in the lurch.

—•—

Through all the political debate runs talk of the business outlook.

The Administration leans to optimism. Its position: Sure, an adjustment must be expected on the heels of any wartime inflation; but Eisenhower's program will lead to an upturn.

The Democrats scoff at this. They are warning of hard times, a depression. In Congress this line is talked every day, with the level of farm prices, the slide in steel production, and rising unemployment whooped up as the signs.

The White House recognizes the political danger. It is striking back with accusations that the Democrats are the "Fear Deal" party, trying to talk the nation into a recession for a political advantage. But if spring fails to bring a reversal of the present business situation, you can expect a switch to individual income tax cuts and a lighter foot on the economy brake.

Today's Democratic attack is not haphazard. Leaders have gone over Eisenhower's program with great care. And now the instructions are going out. Individual party members are being told that they are free to shoot

at whatever target will help them next fall. But they are being cautioned against committing the party. Here are the issues on which the party is being urged to line up:

Taxes, as already mentioned: The issue here is business vs. individuals.

The farm situation: The division along city vs. urban lines can be exploited.

Foreign trade: The Democrats can line up behind the proposals of Eisenhower's Randall Commission (except the slap at high farm supports) and maybe put the White House in the position of siding with the Democrats against some Republicans.

Public power: Support it, all the way.

Public housing: Support this, too, even if it means saving Eisenhower from anti-public housing members of his own party.

—•—

Washington does a lot of guessing on the wage trend. It makes no claim of being able to tell what's ahead. But it thinks in terms of a "moderate" round this time, based on what's happening.

You are getting more settlements without pay boosts. Some unions agree employers can't stand a cost rise at this time.

But the summer auto rise will build up steam. Auto unions will get a 5% productivity raise in May.

This will put pressure on steel, the first big industrywide contract for 1954. And steel union boss McDonald needs to win more money in his struggle with auto leaders for intra-union prestige.

—•—

Politics may be on the side of a shorter work week. You should note the bill by Sen. Murray of Montana to cut the statutory work week from 40 hours to 37½, then to 35 in two years. There isn't much push behind it today. But if the downtrend continues, you can expect a real drive backed by labor. The idea is to spread jobs.

—•—

Labor unity is falling apart. For all the efforts of AFL and CIO leaders, the power of individual unions still is controlling. And persuasion has not convinced either side—the AFL crafts particularly—that a no-raiding agreement and merger will not weaken them. What happened at the AFL's Miami meeting is significant: "We won't give up organizing so long as a carpenter or a steamfitter is in the CIO." Neither Reuther nor Meany is powerful enough to change this attitude.

—•—

The Bricker amendment is dead. Washington betting now is that no constitutional amendment will pass the Senate. Instead, the whole idea of restricting treaty-making will be pigeonholed back in committee. Indeed, the feeling is that even if some compromise finally is voted, it will be so innocuous that Bricker's backers will lose interest.

Such a victory would enhance Eisenhower's power. Stripped of all its technicalities, the Bricker amendment was a last-ditch stand of GOP isolationists. If today's outlook becomes fact, Eisenhower can expect more solid Republican backing for his foreign relations program.

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GENERAL CABLE

THE GREATEST NAME IN ELECTRICAL WIRE AND CABLE



To wire a plant, or wind a coil

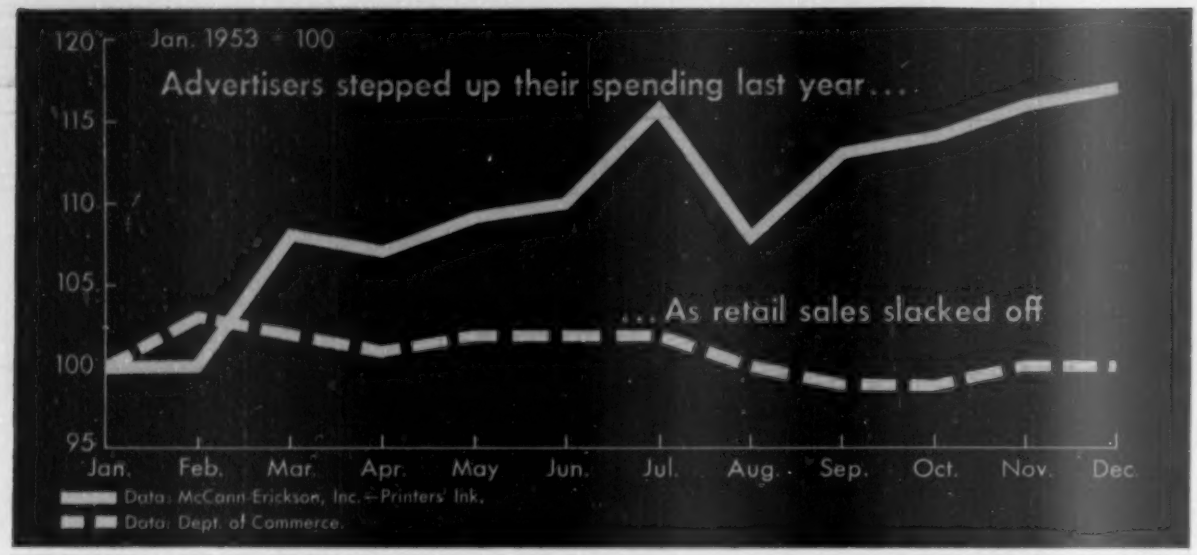
IT PAYS TO BUY IN ONE PLACE!

Actually there is only one source for all of the types of wire and cable you may need...that's General Cable. To meet your every requirement, General Cable manufactures bare, weatherproof and insulated conductors of every variety ...maintains vast stocks...the broadest distribution facilities in the industry...ultra-modern plants coast to coast. Specify "General Cable." Don't settle for less.



GENERAL CABLE CORPORATION 420 Lexington Avenue, New York 17, New York

Sales Offices: Atlanta • Buffalo • Cambridge (Mass.) • Chicago • Cincinnati • Cleveland • Dallas • Detroit Houston • Indianapolis • Kansas City • Los Angeles • Milwaukee • Minneapolis • Newark (N. J.) • New York • Philadelphia Pittsburgh • Portland (Ore.) • St. Louis • San Francisco • Seattle • Syracuse • Tulsa • Washington, D. C.



Here's how national media cut up the pie

		1952	1953	% Change In Revenues
MAGAZINES' REVENUE	Weeklies, semiweeklies	$277,926,705	$301,551,099	+ 8.5
	Women's	99,455,883	107,014,458	+ 7.6
	Home Service	43,623,814	52,650,669	+20.7
	Farm	32,989,918	33,674,925	+ 2.1
	General monthlies	30,262,727	30,874,412	+ 2.0
	Management	22,382,140	24,338,326	+ 8.7
	Fashion	19,363,942	20,456,031	+ 5.6
	All other	27,810,033	29,555,996	+ 6.3
	Total	**$553,815,162**	**$600,115,916**	**+ 8.4**
NETWORK RADIO REVENUE	American Broadcasting Co.	$35,023,033	$29,826,123	−14.8
	Columbia Broadcasting System	59,511,209	62,381,207	+ 4.8
	Mutual Broadcasting System	20,992,109	23,176,137	+10.4
	National Broadcasting Co.	47,927,115	45,151,077	− 5.8
	Total	**$163,453,466**	**$160,534,544**	**− 1.8**
NETWORK TELEVISION REVENUE	American Broadcasting Co.	$18,353,003	$21,110,680	+15.0
	Columbia Broadcasting System	69,058,548	97,466,809	+41.1
	Du Mont Television Network	10,140,656	12,374,360	+22.0
	National Broadcasting Co.	83,242,573	96,633,807	+16.1
	Total	**$180,794,780**	**$227,585,656**	**+25.9**
NON-NETWORK RADIO AND TIME SALES	National and Regional Spot Radio	$185,100,000	$215,200,000	+16.3
	Regional Network Radio	16,500,000	10,500,000	−36.4
	Total	**$201,600,000**	**$225,700,000**	**+12.0**
INDUSTRIAL, TRADE, CLASS, AND EXPORT PAPERS' PAGES OF SPACE	Industrial	$266,000	$275,602	+ 3.6
	Trade	69,652	70,939	+ 1.8
	Class	32,710	35,191	+ 7.6
	Export	14,019	13,351	− 4.8
	Total	**$382,381**	**$395,083**	**+ 3.3**
NEWSPAPER LINAGE (52 cities)	General	$349,131,462	$368,049,369	+ 5.4
	Automotive	107,424,208	140,144,652	+30.5
	Total	**$456,555,670**	**$508,194,021**	**+11.3**

Figures on magazines, network radio, and network television from Publishers' Information Bureau are based on one-time card rates, as are Broadcasting Magazine's estimates of non-network radio and television time sales. Figures on industrial, trade, export, and class papers are from Industrial Marketing; those on newspapers are from Media Records. Sunday magazine supplements are counted with newspapers.

© BUSINESS WEEK

Ad Prospects: Rosy or Just Laggard?

The man with an accurate crystal ball to tell him where the top line in the chart is going could command a good fat fee along Madison Avenue.

Not that advertising men are scared. For a decade advertising soared upward on the trail of rising income, gross national product, retail sales. With the economy still at a high level, advertising is bound to have a good year in 1954, too.

The question now hanging over the

LIGHT IN THE NIGHT...

Spearing across the snows
of Canada shines this headlight.
But for refractory brick,
the arc wouldn't spark to flash
the headlight, the stainless
steel with which the car is built
would not exist . . . the trucks
she rides on, the motors and the
generators, even the glass . . .
depend for their existence upon
quality refractories
such as Grefco supplies
the world.



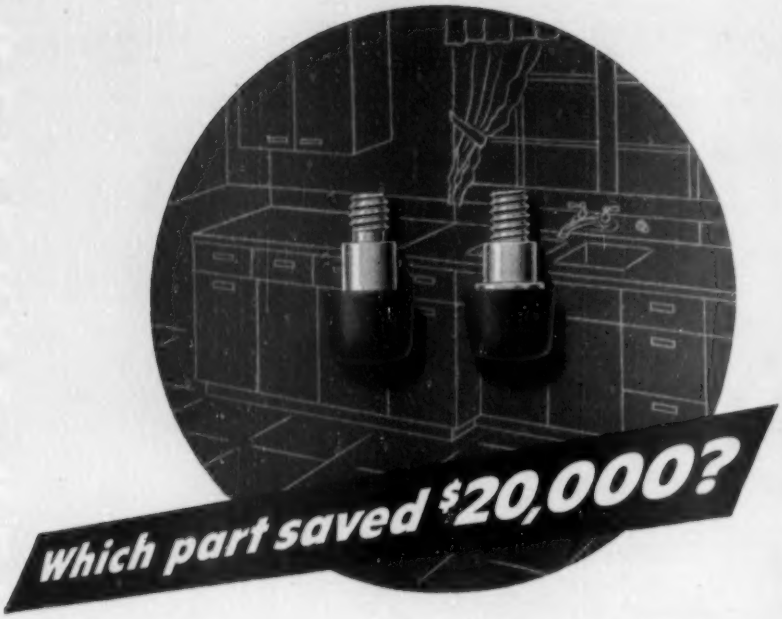
Budd Rail Diesel Car on the
Canadian Pacific Railway

GENERAL REFRACTORIES COMPANY

GENERAL
REFRACTORIES
COMPANY
Philadelphia

Products of fame . . . wherever there's flame

GENERAL REFRACTORIES COMPANY



They're practically *look-alikes.* Both were designed to serve as rubber-tipped leveling screws on the bottom corners of metal kitchen cabinets. The part on the right does much the better job — its special collar prevents the rubber cap from slipping over the shank. Produced on COLD FORMING equipment, *it costs $6.00 less per thousand than the screw machine part previously used!*

Result: Savings of over $20,000 a year for one of America's leading makers of kitchen cabinets!

COLD FORMING and Good Design turned the trick!

Your annual investment for fasteners and small special parts is undoubtedly substantial in your plant. Savings that total thousands of dollars are not unusual when such parts are COLD FORMED without waste or scrap on high-speed automatic equipment and designed for high-speed automatic or semi-automatic application.

Thanks to long experience in COLD FORMING, Milford engineers, designers and product research experts are ready and able to help you cut small-parts costs substantially. They bring to your service Milford's leadership and know-how in the manufacture of semi-tubular, tubular and special rivets, as well as automatic rivet-setting machines.

So put us to work for you — on products you're making *now* or those you're *planning* to produce. Chances are we can help you make some major savings — in both *time* and *money!*

Write or phone nearest Milford Plant or Sales Representative!

THE MILFORD RIVET & MACHINE CO.

MILFORD CONN. | NORWALK CALIF. | ELYRIA OHIO | AURORA ILLINOIS | HATBORO PENNA.

"... historically, advertising has always lagged behind sales ..."

AD PROSPECTS starts on p. 42

advertising business is this: Will 1954 be another world-beater? Or will it be the year in which advertising finally levels off?

• **High Plateau**—If it does level off, there is no mistaking the fact that it will do so on a high plateau. The annual estimates of advertising volume prepared by the New York advertising agency of McCann-Erickson for Printers' Ink are impressively large. The 1953 grand total for all advertising, national and local, for everything from direct mail to television, came to $7.8-billion, a gain of 9.1% over the previous year.

How you read the portents depends on whether you are a bull or bear. There are both along Advertising Row. But it is wise to note that the distinction between them isn't quite so sharp as it is in Wall Street. In the advertising business, a bull is a man who thinks things are going to be wonderful; a bear is one who thinks things are merely going to be very good.

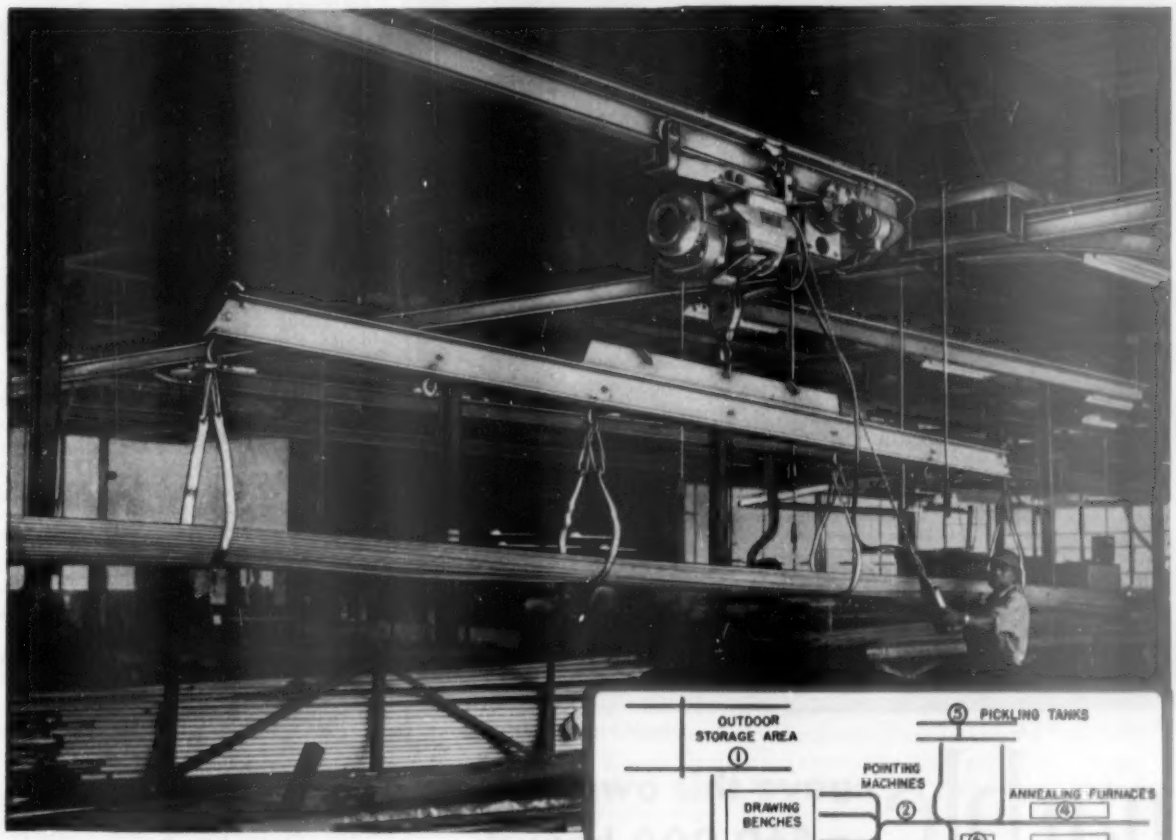
• **Lagging Curve**—What debate there is hinges on the relationship between sales and advertising. Historically, the curve of advertising has always lagged behind sales. When sales turn up, advertising also turns up, a little later; when sales turn down, ditto for advertising.

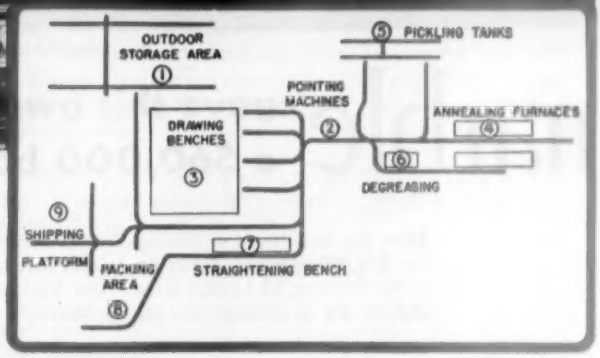
This provides the bears with a ready explanation for the phenomenon of the dropping sales line and the rising advertising line on page 42. Advertising simply hasn't felt the impact of the sales drop, say the bears. It has been following faithfully the long rising curve of retail sales from 1949 on. The momentum of that rise has shot advertising on past the turndown.

The bulls argue that this isn't necessarily so, that we are in fact experiencing right now a changing relationship between advertising and the economy. Frederic R. Gamble, president of the American Assn. of Advertising Agencies, is in effect the unofficial spokesman for this group. The 4-As thesis is based on a study of advertising volume as compared with gross national product. For the 20-year period up to the war, advertising averaged 3% of GNP. During the war, when no one had anything to sell to the civilian market, it plummeted to 1.4%. Since then it has been climbing slowly upward again—about 2% in 1950, 2.1% in 1952, 2.5% in 1953.

• **Optional Spending**—The 4-As look for a resumption of the prewar pattern;

You can do it better with Louden engineered monorail!





Hard-to-handle materials or shapes? Let Louden's long experience lick it.

Louden pioneered monorail handling. This longest and broadest experience with this most adaptable and most flexible of all materials handling methods naturally offers many *extra* benefits to men seeking answers to any handling problems. Shown above is part of a Louden SuperTrack System in a well-known eastern factory where a Louden MotoVeyor makes easy work of the speedy handling of long, flexible, easily-damaged tubing. The hoist has 2,000 pounds capacity and the MotoVeyor travels at 125 feet per minute. This Louden Monorail System also connects with the pickling house where a Louden Monorail Crane speedily and safely handles various sizes of tubing through the series of vats. Benefit by Louden experience on YOUR next handling problem.

THE LOUDEN MACHINERY COMPANY
4102 Broadway, Fairfield, Ia.



SEND FOR THIS BOOK—Write for your copy of "Economical Material Handling" . . . full of time-saving, cost-cutting ideas and case histories. Free . . . no obligation.

Louden
MONORAIL & CRANES

Since 1867—the first name in materials handling



92 Liberty Street, N.Y.C. *Arnold A. Arbeit, A.I.A., Architect*

marble gave this owner a $60,000 bonus!

Have you ever heard of getting $100,000 worth of remodeling for $40,000? Owner Aaron Levin says this was accomplished in his 21 story, 92 Liberty Street, New York, office building — *and he did it through the use of Marble*.*

Here's what he says: "The competition of new construction was getting tough for our 50 year old building, so I decided to meet the competition on its own level. Our architect, Arnold A. Arbeit, A.I.A. used the most beautiful materials he could find, yet gave us one of the soundest investments we've ever made. Marble made the difference — and a whopping big difference it was." Here is the cost breakdown:

Demolition	$ 700	Doors	$ 1,200
Misc. metal	1,000	MARBLE	17,500
Terrazzo	1,750	Clock	500
Electric	2,100	Mailbox	750
Radiators	100	Stainless steel	4,000
Directory & misc.	4,000	Architect's fee	3,600
Lath & plaster	3,000	Total	$40,200

Literature available **FREE**
"Proof that marble costs less"
"Marble Forecast 1953-54"
"Marble in the Bank"

* *As told in the Magazine of Building, Nov., 1953, Page 118*

MARBLE MIA INSTITUTE OF AMERICA, INC.
108 FORSTER AVENUE MOUNT VERNON, NEW YORK

". . . even radio crept up a little last year, according to Printers' Ink . . ."

AD PROSPECTS starts on p. 42

it willingly concedes that advertising is more effective and therefore can do a bigger job today at less cost than it once could. But it thinks that there is an offset in the growth of people's so-called optional spending power. In other words, the 4-As argue that it simply requires more advertising to coax out of the consumer that increased amount of money that he can withhold from retail channels if he chooses to do so.

But the bears don't think that this argument is necessarily going to coax more money out of advertisers.

Viewing the thing realistically on the basis of the advertisers' past performance, they think a lot will depend on the severity of the turndown in business. If the consumer keeps riding high (BW —Feb.6'54,p42), there is no reason for fear. Advertisers will probably ride over a slight dip in sales, each one figuring that by fighting harder he can get a larger share of a slightly declining market. If the dip is in the nature of, say, 5%, everything will be fine.

If it turns out to be larger than that —watch out.

If 5% is topped, that long-looked-for squeeze on some of the major advertising media could finally materialize.

• **The Media**—Up to now, despite television and its enormously expanding power, other media have continued to grow at a fair pace. An expanding economy has been able to eke out a little for everybody. Even radio crept up a little last year, by about 4%, according to Printers' Ink.

But the gains were largely local. Network radio continued to take a beating, too, for this is the first full year of national TV operation, with some 350 stations now on the air. Indeed, a lively struggle for survival has set in even among the country's TV stations themselves.

What will happen when color television—even more expensive than plain black-and-white TV—gets going commercially toward the end of the year? The demands on the advertiser's dollar undoubtedly will be worse than ever before.

Other media besides radio also have their weak spots. You can see some of them when you delve under the surface of the statistics.

• **Magazines**—The 1953 totals hide some significant facts about the magazine business, which on the face of it did quite well. General magazines, not including farm publications, showed a

9% gain in dollar revenue, according to the Publishers Information Bureau. But the gain in physical pages of advertising was far less impressive. It came to a mere 1%.

In short, these magazines made their gains mainly from rate increases, not so much from new business and new advertisers.

Where, then, are magazines being squeezed?

According to PIB, magazine advertising of toiletries actually dropped in 1953. The total for all magazines dipped from $53.7-million to $52.3-million, while pages dropped even more sharply—from 5,676 to 5,445. Drugs and remedies also had a drop-off in pages, from 2,418 to 2,315. Revenue stuck at about $23-million.

At these two very crucial points magazines felt hot competition from TV, which increased its revenues from toiletries advertising by $10-million—for a total of $35-million. Network TV drug advertising went from $6-million to $9-million.

Where magazines did gain revenue, one of the big factors was automotive advertising, and here again they are vulnerable because of the nature of auto advertising.

The gains were substantial. Pages zoomed from 5,019 to 5,604; dollar revenue from $49.3-million to $60.9-million. Newspapers likewise made major gains from automotive advertising.

For the first time in three years, newspaper lineage went up instead of down, largely due to the thumping 30.5% increase in automotive lineage (table, page 42).

• **Auto Rivalry**—This was the direct result of the rough competition in the auto business, particularly in the latter part of the year when the new models were coming out.

Detroit has been pouring more and more money into advertising, a particularly cheerful fact for newspapers, which get most of the dealer-cooperative advertising, which in turn comprises the bulk of auto advertising (BW—Nov. 21'53,p41).

There's a thorn under this rose. In the final clinch, Detroit ties its advertising strictly to output. Reserve funds may be held over a few months to lay out on a new model or for other competitive reasons. But Detroit works mostly on a basis of so much per car for advertising.

If output goes up, advertising goes up; but if output goes down, so, then, does advertising.

There is no indication yet that Detroit intends to change its time-honored ways.

And there's no indication that the rest of industry won't continue to tag along in the same pattern.



HOW YOU GET

THREE-WAY SHIPPING PROTECTION

IN A FORT WAYNE CONTAINER!

1 **PRECISION CONSTRUCTION**—You get scientifically determined strength, proper weight, exact specified proportions. Your Fort Wayne container is correct for your product in every detail—*custom-designed* to stand up under all conditions of handling and transportation.

2 **HIGHEST QUALITY CONTAINERBOARD**—Southern Paperboard Corporation, Fort Wayne affiliate, produces containerboard under strict laboratory control to meet our rigid standards. It's moisture-resistant, absorbs shocks, retains its shape and good appearance.

3 **PRE-TESTED PERFORMANCE**—To help reduce damage claims, Fort Wayne offers you *pre-testing* of your corrugated container for performance. Certified by the National Safe Transit Committee, these tests make your Fort Wayne container stand up and perform with your product in it—*before* you ship.

Put your confidence—and your product—in a sturdy Fort Wayne container for *three-way* shipping protection. Visit or call your nearby Fort Wayne representative today.

CORRUGATED FIBRE BOXES

CORRUGATED PAPER PRODUCTS

Fort Wayne CORRUGATED PAPER COMPANY

GENERAL OFFICES • FORT WAYNE 1, INDIANA

Sales Offices:

Chicago, Ill.
Peoria, Ill.
Hartford City, Ind.
Indianapolis, Ind.
Muncie, Ind.
Vincennes, Ind.
Washington, Ind.
Jackson, Mich.
Jersey City, N.J.
Buffalo, N.Y.
Jamestown, N.Y.
New York, N.Y.
Rochester, N.Y.
Syracuse, N.Y.
Utica, N.Y.
Akron, Ohio
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Dayton, Ohio
Lima, Ohio
Harrisburg, Penna.
Pittsburgh, Penna.
Winchester, Va.
Milwaukee, Wis.

Plants:

Rochester, New York
Chicago, Illinois
Pittsburgh, Pennsylvania
Hartford City, Indiana

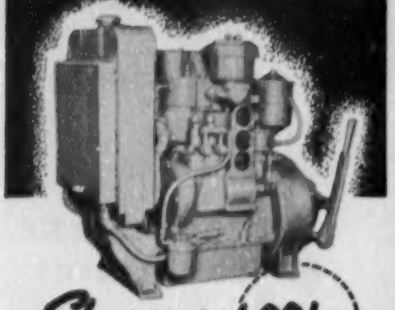


Affiliate:

Southern Paperboard Corporation
Port Wentworth, Georgia

DIESEL

IN THE SIZE, WEIGHT AND PRICE RANGE OF GASOLINE POWER



Sheppard 20hp

MODEL 17

specially designed for replacement power in mobile units

THE SHEPPARD Model 17 overcomes the 2 big factors which barred Diesel power from many uses. Compact in size, low in weight, the Model 17 fits into the same space as any gasoline engine of its power class. Mass-produced, the Model 17 is comparable in price, too. Profit by all the Sheppard Model 17 offers . . . it's the BIG money saver in the small power field.

Free Folder gives full details

Sheppard DIESELS Hanover, Pa.

Power from 4 to 100 H. P.
Electricity from 2 to 40 K. W.
Industrial wheel tractors
Farm tractors and implements



Protect your inactive business records with proper storage. LIBERTY STORAGE BOXES are constructed of highest test corrugated fibre-board. Dust-proof, spill-proof protection. Liberty's storage system assures *fast-finding* of any record. Try LIBERTY BOXES for quality and low cost. 25 stock sizes.

Sold by leading stationers.



Clip this ad to your letterhead
FOR FREE BOOKLET

1 Record retention chart tells you how long to keep specific records.
2 Gives complete information for best procedures in record storage.

BANKERS BOX COMPANY
720 S. Dearborn Street • Chicago 5, Ill.



MAKING MUSIC: As first clarinetist of the Houston Symphony Orchestra, Nathan Brusilow (center) has a full-time job—for 24 weeks a year. It's nice work while it lasts.



MAKING SALES: Off season, Brusilow and other musicians sweet-talk customers of Foley's department store, Houston, into buying records and others goods.

Virtuoso at the Counter

From symphony to sales counter is an easy step for Nathan Brusilow. During the music season, Brusilow is first clarinetist of the Houston Symphony Orchestra, under the baton of Efrem Kurtz. Off season, he earns his way by clerking in Foley's big department store in Houston.

Brusilow found it tough to live on his 24-week playing year. The Houston Symphony Society worried, too, about how to hang onto its best players. Max Levine, who doubles as a society officer and as president of Foley's, had the answer: Put the players to work as salesmen to fill in during summer vacations. The musicians work out fine, Levine says—especially in the record department.

Last summer Foley's had six of the musicians on its payroll, expects to have more next summer.



with TOCCO* Induction Heating

● Hardening—annealing—brazing—soldering—heating for forming or forging—if your products require any of these operations TOCCO can probably reduce your unit costs too.

COSTS DOWN 69%—Mechanics Universal Joint Division of Borg-Warner reports a 69% savings in the hardening of stub ends for propeller shafts. TOCCO'S localized hardening minimizes distortion—does away with straightening operation formerly required. With conventional heating methods splines had to be ground back to tolerance because of run-out. TOCCO also eliminates this costly operation.

PRODUCTION UP 320%—Automatic TOCCO has upped production from 35 to 112 parts per hour—over three times as fast as conventional heating method. Shafts are of C-1137 Steel, are hardened to 47—54 R.C. to a depth of 0.040". Every part is the same—one or a million—because TOCCO'S automatic heating and quenching cycles eliminate all chance for human error.

Experienced TOCCO engineers are glad to survey your plant for similar cost-cutting possibilities—no obligation of course.

THE OHIO CRANKSHAFT COMPANY



TOCCO

Mail Coupon Today

NEW FREE BULLETIN

THE OHIO CRANKSHAFT CO.
Dept. W-2, Cleveland 1, Ohio

Please send copy of "Typical Results of TOCCO Induction Hardening.

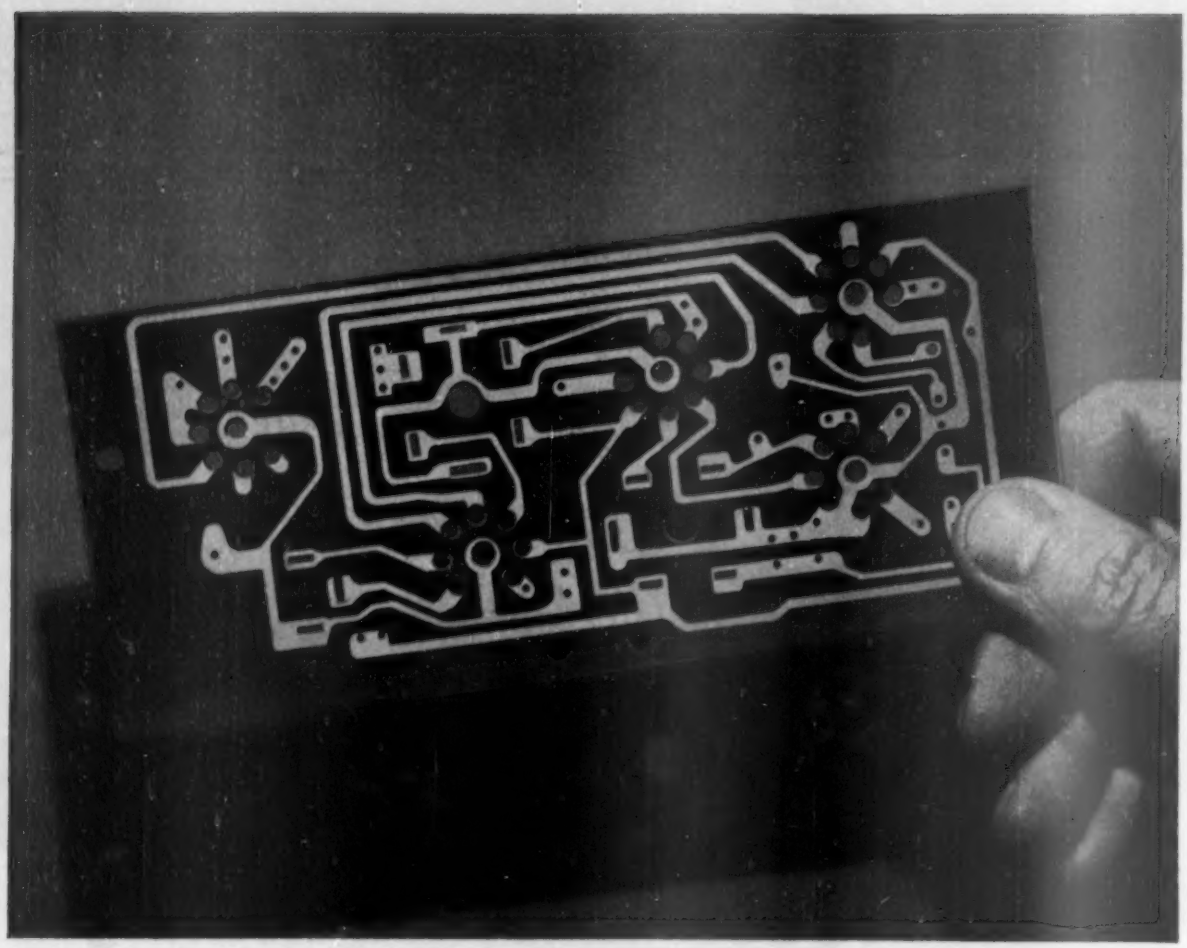
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Position_____

Company_____

Address_____

City_____ Zone____ State_____

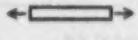


Pattern of things to come

IN ADDITION TO THE PROPERTIES ALREADY MENTIONED IN THE ADVERTISEMENT, SYNTHANE HAS



1. Impact strength. Synthane stands up in mechanical applications where jolts, jars and light shock loads are common. It does not splinter or break readily; will not delaminate.



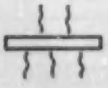
2. Tensile strength. Synthane is strong in tension and compression.



3. Light weight. Synthane has approximately half the weight of aluminum.



4. Flexural strength. Synthane is suitable for jobs where deflexion, torsion and vibration are present. It has excellent fatigue resistance.



5. Stable Over Wide Temperature Range. Synthane is thermosetting; does not flow as temperature rises, has a low coefficient of thermal expansion.

Here is one of the brightest ideas in electronics—and one of the materials which helped make it possible. The idea is the printed circuit; the material is a laminated plastic called *Synthane*.

For years radio sets were put together by laboriously soldering a forest of wires to terminals. It was a time-consuming and expensive operation. If one connection proved faulty, the whole assembly had to be rechecked.

Then someone came up with the idea of *printing* the circuit with an acid-resisting ink on foil bonded to a base—and etching away the metal not needed. It would be quick, easy and error-proof—if the right base material could be found.

Among many tested, *Synthane* was one sheet material selected. Synthane has the necessary strength, low moisture absorption, is an excellent insulator and can be punched easily. It bonds securely to metal foil and withstands the etching acid used to remove the excess metal.

The printed circuit is still in development—but it has zoomed into favor for radio, TV, hearing aids, and many other electronic devices. There are now a dozen ways to produce what are still called "printed" circuits. And Synthane is an accepted base material for every one of them.

Synthane laminated plastics are available in a variety of grades and colors—in sheets, rods, tubes, and fabricated parts. You are invited to write for information to Synthane Corporation, 1 River Road, Oaks, Pa.

SYNTHANE CORPORATION, OAKS, PA.

SYNTHANE

LAMINATED PLASTICS

Mending the Sock Market

Phoenix stops making men's line because high production costs slow down profits. Interwoven uses new production and merchandising tricks to build up volume.

In the past few weeks, the men's hosiery industry has seen two different approaches to a basic problem—the fact that men's socks wear too well:

• Phoenix Hosiery Co. threw in the sponge on one aspect of its business. It won't make men's socks any longer. It's still very much in the women's field, and it will sell men's socks that it will buy from other mills.

• Interwoven Stocking Co. has come up with a multipronged program to circumnavigate its troubles.

Actually, the durability of men's hose was just the last straw in Phoenix's case. The trade has been plagued for years with high production costs. Knitting machines ordinarily will make only a couple of patterns; that means a lot of downtime on machinery when patterns go out of style. Also it takes three years to train a man to work a machine.

Add to this the durability factor and you run into trouble. The figures from National Assn. of Hosiery Manufacturers, just released, show how big the trouble is: Unit sales of men's half-hose and slack socks, the two biggest men's categories, were down some 6% in 1953.

• **All-Around Expansion**—For the conventional kind of socks, the production costs are built in. Interwoven's answer is to expand volume. It has already indicated one way it's going to do that—by branching into the boys' field (BW—Jan.16'54,p128). But the durability factor cramps the volume's growth. The answer to that is to make socks that will create their own style obsolescence. So Interwoven is out to build up the idea of a whole wardrobe of socks, different styles for every occasion.

A new production technique will give Interwoven a big boost on this point. By dyeing in the pattern instead of weaving it in, the company expects to get a much greater variety of patterns than it has been able to do. It's also boosting the new stretch socks, which the industry introduced last year, and knee-high socks, as further variants on the wardrobe idea.

• **Eye on Women**—Since women buy



Earphones for Record Hounds

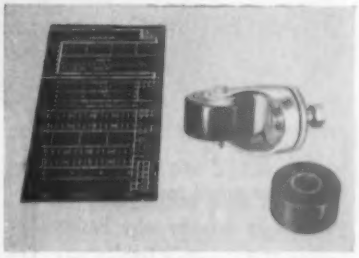
The London showrooms of Electrical & Musical Industries, Ltd., offer a British answer to the problems engendered by the listening booth, a headache to record shops everywhere. Booths take up space, cost money to maintain. People lounge around for hours in comfort listening to records, go away without buying. So the British company has installed the panel above. The big feature is earphones. Without annoying his neighbor, a customer can play any record in the shop or he can simply push a button and hear one of 24 top song hits.

SYNTHANE

laminated plastics at work



In electrical parts—High dielectric strength of Synthane combined with its light weight is used to advantage in producing high voltage and phase detection equipment.



In business machines—Synthane is valued in the construction of business machines for its light weight, strength, dimensional stability, ease of machining and excellence as an insulator. (Left plug board for electrically-operated business machine; right: coater wheels.)



In packings—The resistance of Synthane to lube oil, gasoline, moisture, corrosive gases and engine sludge—combined with wear resistance and machineability, makes Synthane desirable for packings of many types, like these by Garlock.

What's your PROBLEM?

MAIL COUPON FOR FREE FOLDER

SYNTHANE CORPORATION

1 River Road, Oaks, Pa.

Please send me your free folder describing advantages, properties, uses, and kinds of Synthane plastics.

My name_____

Title_____

Company_____

Address_____

City_____ Zone____ State_____

FAMOUS NAME Companies

Whose

VIKING PUMP APPLICATIONS

You've seen in our BUSINESS WEEK ADVERTISING



FIG. 124
HEAVY DUTY VIKING PUMP

OK

● We're proud to cite these leaders in industry who have successfully applied Vikings to their pumping problems. You know they buy products on their merits and that Vikings measure up to rigid specifications to meet their requirements. If you have a tough pumping problem, Viking engineers would like to help solve it.

For information on Viking Pumps, write now for bulletin series 54S.

A few of the "FAMOUS NAME" Viking Pump Users

Ashland Oil & Refining
Barker Chemical Company
Central of Georgia Railway Co.
Chicago Pneumatic Tool Co.
Dowell Incorporated
The Erie Railroad
F. G. Findley Company
Frost Paint & Oil Corp.
W. P. Fuller & Company
John I. Hay Company
Heil Equipment Company
Hershey Chocolate
Hetherington & Berner
Indiana Farm Bureau Coop.
The Maytag Company
Nashua Corporation
Nordberg Mfg. Company
Patchogue Oil Terminal
Quality Milk Service
Roots Connersville Blower
Shell Oil Company
Sinclair Refining Company
Skelly Oil Company
State Asphalt Distributing Co.
Sprout, Waldron & Company

VIKING PUMP COMPANY
CEDAR FALLS, IOWA

MAIL COUPON TODAY

Please send bulletin series 54S giving information on Viking Rotary Pumps.

NAME _____

STREET _____

CITY _____ STATE _____

THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP

80% of the socks, Interwoven has a merchandising gimmick to catch the housewife. It has reclassified its socks from the old terms, "staples" and "fancies" to terms a woman understands: "basics" (solid colors for business and dress); "classics" (or conventional patterns), and "moderns" (or highly styled patterns).

Finally, to make sure the right patterns get to the retail counter, Interwoven this winter opened a test retail store in Palm Beach, Fla. Here it hopes to find out what designs take, what ones to scrap.

With a million-dollar promotion budget to help, Interwoven expects to push 1954 sales above its 1953 $20-million volume.

Synthetic Fibers . . .

. . . will bite deeply into cotton's share of the future market if a new study of the outlook for textiles is right.

With the series of price cuts on nylon, Orlon, and Dacron, in the past few weeks, an old question pops into the limelight again: Will manmade textiles put the naturals out of the running?

Latest to look in the crystal ball for an answer is Anderson & Cairns, Inc., New York advertising agency. Last week it gave its version of tomorrow's textile picture in a special report on Mill Consumption of Fibers Projected to 1975. The report traces the history of natural and synthetic fibers from 1920 to 1952 —and takes a look ahead to 1975.

• **Projections**—Here's the way Anderson & Cairns figures the various fibers will stack up as a percent of the total market in 1975, compared with today:

	% of Total Market	
	1952	1975
Cotton	69.6	50
Rayon and acetate	18.9	20
Other manmade	4.0	19
Wool	7.4	10
Silk	0.1	1

The most striking changes appear in cotton. The researchers believe that as the other newer manmade fibers come into their own, they will shove cotton down a peg from its present position. Wool, they feel, will make a comeback —thanks partly to the use of blends and partly to better processing. Silk, too, will come up some, again probably with the help of blends.

• **Pattern**—Willard C. Wheeler, marketing consultant who made the study for Anderson & Cairns, bases his projections on the assumption that the new fibers will follow the same pattern



Reduces Finishing Time from 11 hours to 2 hours, 17 minutes!

An 11 hour finishing job on a machined aluminum diffuser now requires ONLY 2 HOURS and 17 MINUTES — with VAPOR BLASTING — resulting in a final finish of 50 to 55 RMS!

Your plant, too, has many metal finishing operations that could be cut to a fraction of their present cost — with Vapor Blast Equipment. You can be sure of great savings in time and labor, increases in production speed, and continued higher profits, with Vapor Blasting. Let us help you prove it.

HOW MUCH CAN YOU SAVE WITH VAPOR BLASTING?

It costs you nothing to find out how superior the Vapor Blast Method is, how easily it will reduce costs and improve your product. Simply send a part to our research laboratory for finishing. We will supply you full data report and you compare it with your own time records for doing the same work on the same part.



VAPOR BLAST MODEL 3030, TYPE B20.

One of five standard models. Custom machines also built to order.

Just have your secretary drop us a note telling when your sample part will be shipped for Vapor Blast laboratory finishing and analysis.

V·B VAPOR BLAST MILWAUKEE, WISCONSIN

VAPOR BLAST MFG. CO.

3043-B W. Atkinson Avenue
Milwaukee 16, Wisconsin

"VAPOR BLAST" is a trademark
"LIQUID HONING" is a trademark

You can prove SAVINGS on production jobs like these with Vapor Blast Liquid Honing:

- ☐ Aircraft Engine Overhaul
- ☐ Color Anodizing
- ☐ Blanking
- ☐ Brazing
- ☐ Cylinder Honing
- ☐ Deburring
- ☐ Decorative Finishes
- ☐ Die Cleaning and Finishing
- ☐ Diesel Engine Overhaul
- ☐ Drawing
- ☐ Electroplating
- ☐ Electropolishing
- ☐ Engine Overhaul
- ☐ Forming
- ☐ Forging
- ☐ Functional Finishes
- ☐ Fluorescent Penetrant Inspection
- ☐ Glass Mold Cleaning and Finishing
- ☐ Lubrication
- ☐ Machining and Grinding for Finish
- ☑ Metal Finishing
- ☐ Magnaflux Inspection
- ☐ Micro-Inch Finishing
- ☐ Parco-Lubriting
- ☐ Parts Cleaning and Salvaging
- ☐ Phosphating
- ☐ Plastic Mold Cleaning and Finishing
- ☐ Rubber Mold Cleaning and Finishing
- ☐ Scale Removal
- ☐ Stamping
- ☐ Surface Finishing and Polishing
- ☐ Tool Honing
- ☐ Tool Inspecting
- ☐ Zygio Inspecting

Solve the problem of tied-up cash!



You know the problem only too well. The more goods you manufacture and the more distributors your company has—the more cash is tied up in inventory. Credit risks increase. Collection problems mount. Working capital is depleted.

Some of the largest manufacturers in the country have solved this problem by field warehousing, through Douglas-Guardian, all inventory shipped to their distributors and dealers. The bank advances the money as soon as the goods are field warehoused by us—right on the distributors' premises. In this way, credit risks are avoided and you get paid promptly.

Manufacturers, dealers and distributors are cordially invited to take advantage of our field warehousing service. Mail the coupon *now*.

DOUGLAS-GUARDIAN
WAREHOUSE CORPORATION
118 N. Front Street • New Orleans, Louisiana

Please have your nearest representative phone for an appointment.

Your Name and Title_____

Name of Company_____

Address of Company_____

Phone Number_____

BW-2-13-54

that a new product typically follows, even when it's as far removed from textiles as washing machines or a new steel process. Stripped of its refinements, his curve goes like this:

(1) After three to 15 years of "developmental" selling, the product will reach a point of acceptance—usually when about 1% of the total market uses it.

(2) Thereupon it moves up fast—and will continue to move ahead strongly for five or six years.

(3) After that, it will follow an S-curve to a slow-down or "resistance" level—perhaps 20 to 25 years after it has reached the point of popular demand. From then on, it will take an unusual occurrence, almost a revolution to break through the resistance point. Such a revolution, the study notes, was the disappearance of the servant class—which gave washing machines a prodigious spur.



Parking Lot Works . . .



. . . on Honor System

In San Diego, the Honor System parking lot works on the principle that most people don't need policing. There is no attendant on the lot. You drive in, park your car, slip a dime into the box for every hour you leave your car there. Owner Ray Blair has found his system so profitable that he has put out a copyrighted booklet on how to operate an Honor System parking lot.

Certified BRAD FOOTE GEARS



No increase in price!

A NEW WAY FOR YOU TO BUY GEARS

• Now you can specify by brand name the gears or assemblies you need and be sure that every desirable quality for longer life and lower service cost will be built into them. This name—*Certified* BRAD FOOTE Gears.

Certified BRAD FOOTE Gears are made according to an exclusive BRAD FOOTE formula which controls every step in the manufacturing process. It is your assurance that the gears will have long-wearing teeth and bearing areas, and tough cores that will give service equal to or better than any other gears made.

Copper Plating* permits smooth, quick run-in. It is clean and prevents rust and corrosion before gears are put in service. It's your positive identification of the best gears that money can buy. *Yet . . . you pay no more.*

The Certificate furnished with *Certified* BRAD FOOTE Gears and assemblies certifies strict adherence to specifications and the exclusive BRAD FOOTE formula. It proves that "*no one shares our responsibility.*"

**Gears over 30" diameter are protected by copper-colored water-soluble paint which need not be removed before placing in service*

Write today for descriptive literature



© SFGW, INC.

BRAD FOOTE GEAR WORKS, INC.

1309 South Cicero Avenue • Cicero 50, Illinois
Bishop 2-1070 • OLympic 2-7700

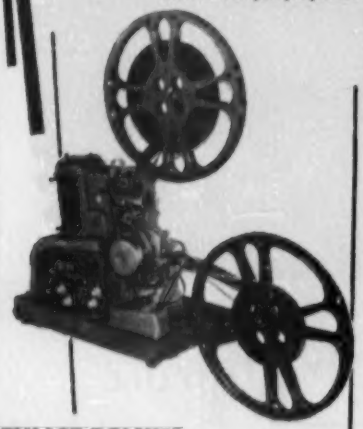
subsidiaries

AMERICAN GEAR & MFG. CO.
Phone: Lemont 920
Lemont, Illinois

PITTSBURGH GEAR COMPANY
Phone: SPaulding 1-4600
Pittsburgh 25, Pennsylvania

ideas
yours for the asking!

Every industrial development, every product advancement, every business project springs from an idea. You will be better able to communicate those ideas with sound motion picture films shown with an Ampro projector.



STYLIST DELUXE

16mm sound projector is the perfect "idea projector" . . . its professional-quality performance, simplified operation and complete portability permit showings under virtually all conditions, to any size audience, and at a moment's notice.

"SCREEN ADVENTURES"

***a catalog of ideas.....* FREE**



Thousands of films in every subject area are available for purchase, rental or loan. "Screen Adventures," a new 16-page book, lists 325 carefully selected 16mm sound films—each an idea stimulator. Listed by subject, synopsis, source.

"Greatest idea-guide I've seen..."
Frank E. Smith, National Director
Blue Shield Medical Care Plans, Chicago

AMPRO

FOR AMPRO IN CANADA...ARROW FILMS LTD., TORONTO

AMPRO CORPORATION
2835 North Western Avenue, Chicago 18, Illinois

☐ Send my free copy of "Screen Adventures."
☐ Arrange to have my local Ampro Audio-Visual Dealer demonstrate the Stylist DeLuxe.

Name_____
Company_____
Address_____
City_____ **Zone**____ **State**____



DRINK TEA is advice of sign in a Union News luncheonette in New York City's Grand Central Station. Other restaurateurs are advising milk or cocoa.

Is the High Price of Coffee

The beverage industries, this week, are trying to read their future in a coffee cup. Climbing coffee prices—and the prospect of more rises—have raised a raft of problems. In the past couple of weeks, Washington has jumped into the picture with a Federal Trade Commission investigation and two Senate probes (BW—Jan.30'54,p34).

But for all the storm and finger pointing, to the U.S. industry the big question mark is the consumer. Is he switching to another beverage?

Fortune tellers find a muddy answer in the grounds. The evidence doesn't all point one way, and it's too early to get a clear view. So far, what emerges comes to this: The consumer is griping, but in the main he's still drinking coffee.

• **Consumer Dissension**—It's true he doesn't like the price, and the roasters' and retailers' worry grows in proportion to his dislike. You see the evidence in restaurant signs (picture), urging the customer to drink tea. You see it in advertisements of both retailers and processors. You read daily of attempts to cash in on the situation by using coffee as a loss leader, sometimes as a giveaway, to lure people to buy anything from gasoline to jewelry.

At least one organization, Retail Food Merchants Assn., says it has tangible evidence that the high price has caused havoc in the trade. The association, representing the independent retailer, says coffee sales in New York City were off 35% last week from the preceding, while tea sales doubled. The association, which claims credit for helping to get FTC on the job, is working to get organized consumer resistance. Borough president John Cashmore of Brooklyn has already proclaimed a coffeeless Wednesday; the association has appealed to New York's Mayor Robert F. Wagner to do the same.

The big chains say they feel some consumer resistance, too. Tea is up substantially, Grand Union Co. reports; cocoa, too, has benefited. Tea Council of the U.S.A. confirms this. General Foods Corp. reports Postum sales are "wonderful." And instant coffee—where there is supposed to be less waste—is thriving.

• **Nothing Serious**—For all this, there is no sign of anything that could be called a real consumer strike. While granting some switching, the big chains say it's only minor. National Assn. of Food Chains confirms this. The association made its own spot survey of the situation last week. When their findings were in, the researchers threw their story in the wastebasket. "There wasn't any story," says John A. Logan, NAFC president. Two weeks ago, there were signs of switching to private labels and cheaper brands; there were hints of a shift to other beverages. But in the last few days this movement seems to have faded out.

D'Agostino Bros. Food Markets in New York City has a similar story. It is shipping more coffee than ever from its warehouses. One reason, of course, is that coffee now in storage costs 3¢ a pound less than its replacement will cost.

The big roasters say it's too soon for them to feel any damage. So far, coffee is moving right along. In fact, a Jos. Martinson & Co. official reports it's moving faster than usual—partly because a backlog of orders accumulated during a canners' strike last month.

• **The Big "If"**—Whether the consumer will continue to drink his favorite hot



SHAVE COFFEE COSTS—by buying at A&P (left), or by using Chock full o' Nuts giveaway spoon to measure—is pitch of ads. Symptoms raise the question . . .

Driving Them Away?

beverage if the price goes higher is the big question. History seems to indicate he will. Take the case of the 1949 price raise, when coffee jumped from around 50¢ to 80¢ a pound at retail. Coffee sales slipped, but only 10%, in 1950, per capita annual consumption dropped from 15.5 lb. to 13.4 lb. But since then it has been creeping steadily back—with no help from lower prices. In 1952, the last year for which figures are available, it was 13.9.

If prices stay high—and the industry sees no hope of real improvement till mid-1955—here's what's likely to happen. The "captive" consumer—in hospitals, prisons, and the like—may be lost to the coffee market. He'll get a cheaper brand or a cheaper product. The bottom-income group, too, may well fall by the wayside. The next lowest group will find themselves a cheaper grade. "We may price ourselves out of our lowest market," one roaster admits.

Yet it's likely that the great bulk of the market will stay loyal. And the effects are not likely to be permanent—though a year and a half of high prices might bring some switch in taste, one marketing expert believes. Even the tea people, who expect to benefit from the current situation, doubt that coffee will suffer in the long run; the new tea market, they feel, will be a new hot-beverage market.

• **Optimistic**—Several factors are working against any major change. Retailers are doing their best to hold the price down. Restaurants in general are avoiding over-all raises. But, like the retailers, they will be hard put to it to hold the line.

Basically, the industry's optimism stands on this ground: The shortage isn't that short (BW—Jan.16'54,p72). In the normal course of things, the U.S. will still get nearly all the coffee it wants.

That conviction is based on a second view that most of the industry shares: What's happening is primarily the result of the law of supply and demand. The U.S. is facing two economic facts. The first is that the frosts last year wiped out over 400,000 coffee trees in Brazil. The second is that Europe is coming back strong in the coffee market after years of drought. Nobody knows just what the crop situation adds up to, but prospects are that output will come between 1-million and 2-million bags short of filling a 33-million-bag world demand—and reserves are close to zero. But the industry feels confident that U.S. dollars will keep its supply coming, despite Europe's growing demand.

• **Enter Washington**—At this point, the role of speculation comes into question. Coffee has always been a boom-or-bust proposition—partly because increased supplies don't show up until five to seven years have passed after high prices call for them. There have been attempts to control the market by restrictions and cartels. How much the speculator has contributed nobody knows. Most coffee people feel that this is a relatively unimportant factor.

Right now Washington is trying to find the answer. At hearings last week the Senate Agriculture Committee recommended that the New York Sugar & Coffee Exchange be placed under federal regulation. The Senate Banking Committee was looking into the possibility of illegal speculation. And FTC was bearing down on brokers and the exchange in New York City.

It's doubtful that any action will

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come of it all. For one thing, the coffee-growing nations have practically declared war on any anticoffee campaign the U. S. may launch.

The industry pins its faith on the consumer and his steady demand. He may try out other beverages; he'll hunt for a cheaper brand, and stretch his supply—some. But the chances of an effective boycott look slim.

St. Regis Looks to Consumers

Big paper company makes a strong bid for the consumer market with its decorative plastic board . . . Drive-in theaters are baffled by CinemaScope . . . Oldsters, not youngsters, need sales training.

Consumers are going to hear a lot more about decorative Panelyte in the next few months. St. Regis Paper Co. has been doing a small business since 1947 with this version of laminated plastic board for use around sinks, table tops, bars, and the like. Last week the company got rolling on an intensive drive to put Panelyte in the big time.

This move puts St. Regis solidly in the consumer market. For 50-odd years, the company has built its business with industrial and commercial firms. The third-ranking paper company, it did a $200.3-million volume last year, mainly in paper, printing, and Multiwall bag products. Its plastics division, which makes Panelyte, accounted for 12% of the total.

Decorative Panelyte will be taking on some formidable competition. Leader in the field is Formica Co., but General Electric Co.'s Textolite, Westinghouse Corp.'s Micarta, and Consolidated Water Power & Paper Co.'s Consoweld are also very much in the running. The cost of Panelyte—suggested retail price is 90¢ a sq. ft.—is in line with its competition, though Formica runs slightly higher. It's a market worth pursuing; the industry sold $25-million of these products last year, aims at doing $60-million a year by 1960.

• **Make Way**—To help get a toehold, St. Regis brought out two new Panelyte items last week—one in the form of preformed sink and counter tops, the other its own line of adhesive to use in the installation of Panelyte. Last year St. Regis introduced a 1/10-in. board for the do-it-yourself customer, supplementing the original ⅛-in. Panelyte used commercially. In all, the decorative line now comes in a wide range of sizes and 42 patterns. And the company has built up its inventory to make sure dealers will get immediate delivery.

St. Regis has also worked carefully on the selling end. Immediately after a sales meeting in New York last week, where the campaign was announced, the company took its salesmen to Kalamazoo for a briefing on the product and a look at its new $5-million plant there. Salesmen, distributors, and dealers are also getting a thorough grounding in the construction, uses, and selling points of Panelyte. For dealers, there's a technical service that will enable them to tell consumers how to install and care for the stuff.

St. Regis is backstopping all this activity with a big advertising campaign. Up till now, Panelyte advertising has appeared only in trade publications. Now it's headed for consumer magazines, newspapers, radio, TV, direct mail, and classified phone listings. St. Regis' object is to hammer the St. Regis brand into the consumers' heads, to capitalize on a name that already carries weight in the industrial field. End result, it hopes, will be to boost decorative Panelyte sales about 50% this year.

•

Wrong Trainees?

U. S. business is spending too much time and money training the wrong salesmen. It concentrates its schooling efforts on the young men just breaking into the business, when it should be training the men in the 35-45 age group who never learned to sell in a buyer's market.

This is the general conclusion of a survey just released by George Elliott Co., New York City management consultants. After studying the operations of companies in a number of fields, Elliott found that 77% of the average sales force has never sold under competitive conditions.

• **Oldsters Lose Out**—The company notes that a man of 40 today was under 30 when the country had its last buyer's market. Yet management allots only 19% of its training budget to these men, who are now the backbone of the sales force. The big 81% goes into training new salesmen, who, as the survey points out, won't be big producers for some time to come.

Elliott goes on to point out that competent salesmen are a product of sound training and direction from middle management. But "the key to the selling crisis is found here at the district manager level."

District managers, most of them under 40, lack knowledge and experience in competitive selling. And these are the men responsible for training and supervising others in selling techniques.

As a result, the experienced salesmen—71% of whom had their careers interrupted by wars—are hitting the road ill equipped. They are unable to hold up in the current sales situation and become impatient with a company that fails to prepare them.

•

3-D Drive-Ins

Drive-in theaters have been eagerly trying several versions of three-dimensional movies, but so far they've pretty well shunned CinemaScope. Last week, at a Cincinnati convention of the Allied States Assn. of Motion Picture Exhibitors, the drive-in men explained their troubles. They'd like to use CinemaScope, but two technical difficulties have held them back:

Light. CinemaScope (BW—Jul.25 '53,p60) requires a wide "ribbon" screen. It uses a single projector with a special lense. To spread its picture across the huge screen from a single source, you need a tremendous amount of light. In many drive-in theaters, the projection booth is so far from the screen that CinemaScope is practically out of the question.

Sound. CinemaScope uses stereophonic sound—sound that comes from several points in the theater, thus heightening the 3-D effect. Obviously, that kind of sound can't be piped into a car, as is the custom of drive-ins.

The problem of light will probably have to be solved by each individual theater that finds its booth and screen too far apart. The problem of sound has been recognized by at least one Hollywood studio—Warner Bros. Pictures, Inc. Warner has announced its willingness to make CinemaScope movies with single sound tracks. Other studios may follow this lead. But still others may follow the lead of Twentieth Century Fox Film Corp., which has refused to accommodate the drive-ins.

• **Other Items**—CinemaScope troubles took up a large part of the drive-in operators' time at the Cincinnati conference. But they found an opportunity to look around at other aspects of their business. In general, they found it good.

Some 4,000 drive-ins are in operation; they take in about 20% of motion picture revenue.

Innovations are helping the business along. Among these are a special screen that will allow movies to be shown outdoors before dark; electrical heaters for cars, to entice patrons during the winter.

MARKETING BRIEFS

Gasoline price war may erupt all over the lot this spring if stocks of motor fuel at refineries keep piling up at their present rate, Oil & Gas Journal warns. Sporadic wars are already flaring up in spots as far apart as Oklahoma City and northern New Jersey.

•

Discount houses are arming for the battle that is brewing over cut prices and fair trade (BW—Feb.6'54,p46). Eight discount houses invited some 400 others in the New York City area to attend a meeting last week with the idea of forming their own association, to be called National Assn. of Discount Merchants.

•

RCA Victor will yank record prices back to their old levels ($5.72 for 12-in. classical long-players) come the first of March. The company had left dangling the question whether its recent price cuts were temporary or for good (BW—Feb.6'54,p45).

•

Best year yet is how Blue Bell, Inc., work clothes giant, describes 1953. Sales of $53.5-million topped 1952's by 3½%, in spite of a 10% price cut on most lines.

•

Drugstore sales topped previous peaks in 1953, Drug Topics reports. Total came to $4.1-billion, an increase of 1.7% over 1952. Chains gained the most. They were up 2.9% while independents rose only 1.4%.

•

The New York Central will reduce round-trip coach fares by a third between major Ohio cities Monday to attract a greater volume of passenger traffic. A similar plan has been in operation since June for the Detroit to Cincinnati run and along the line.

•

New marketing setup for American Locomotive Co. aims at giving the company greater sales punch. Till now, its major lines all have had separate sales forces. The new central unit will be responsible for market research and product planning as well as sales.

•

Anheuser-Busch, Inc., will build a new $20-million brewery in New Orleans if plans go through. The company won't comment on the news officially till the deal is sewed up.

•

Supermarket learning: Stop & Shop Super Markets in Boston report a sell-out on the Universal Standard Encyclopedia. Vol. 1 costs 25¢ with each $2.50 purchase; the rest (there are 25 in all) cost 99¢ with any purchase.



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There's no extra cost, no obligation and this is how the plan serves you:

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Start saving time and money with the Yellow Strand Speedi-Service Plan. Call your Broderick & Bascom distributor or send for details.

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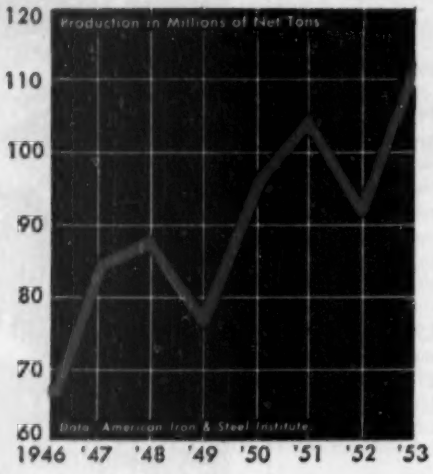
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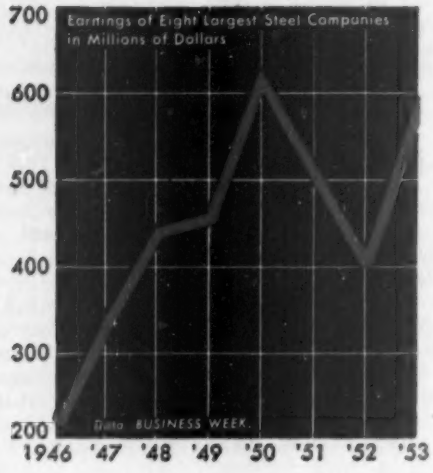
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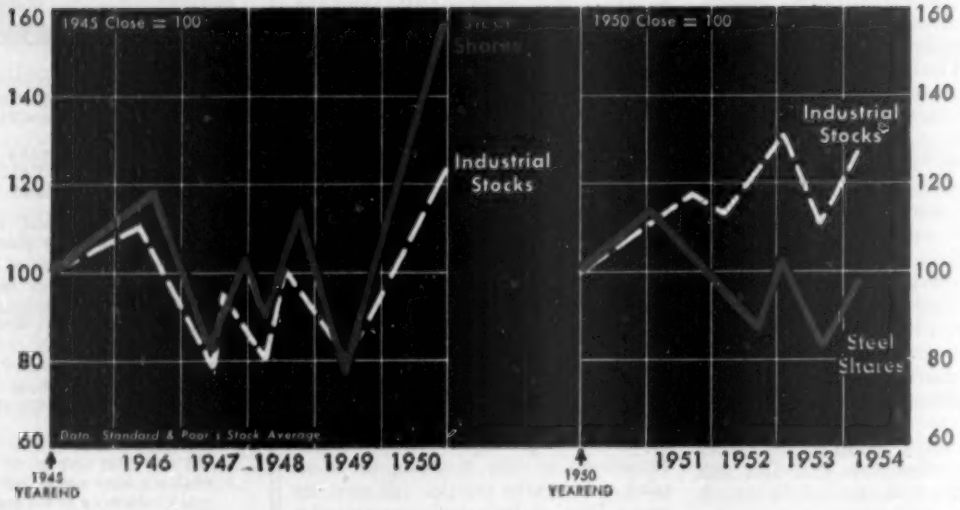
Steel Production since the end of World War II has climbed sharply...



...Steel Earnings, however, haven't kept pace lately...



...And neither have the Steel Shares



Steel Starves at Market Feast

Last year U. S. Steel had its biggest sales ever, with profits of $223-million coming close to the record set in 1917. Yet the stock market, where industrial shares generally are climbing to all-time highs, finds steel stocks lagging well behind the leaders. Investors seem to want no part of them.

This paradox extends to the whole steel industry. At a time when Standard & Poor's index of 50 industrials was chalking up a new all-time high, the S&P's steel index was 13.2% behind its peak of early 1951. Yet take a look at the bonanza showings that steel made in 1953.

• **The Strike**—Big Steel's sales were a record $3.8-billion. Its $223-million net amounted to $7.56 per common share, compared with $4.54 in 1952. The big gap, of course, was partly due to the prolonged strike of the earlier year.

Bethlehem Steel, for its part, reports records in production, sales, and profits for 1953. Billings approached $2.1-billion; the $134-million net equaled $13.30 a common share. The directors reacted by declaring a $2 dividend payable Mar. 1. That's double the dividend for the year 1953.

Other companies, too, reported record or near-record sales and profits of $1 paid quarterly for the last three years.

The fourth quarter, however, saw the output of many companies beginning

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to narrow. The industry's operating rate, which had been at 100% of capacity in the first 1953 quarter, tilted down into the 60s shortly before Christmas, and now is holding just under 75%.

• **Three Years Ago**—Steel stock prices started to lose their zip long before, as far back as early 1951.

Wall Street had a galaxy of valid explanations:

• The stock market often discounts the course of business as far as six months to a year ahead, or even more. The steels had reached a peak in January, 1951. Many investors felt this was a zenith. The idea was that once the steel was supplied for the Korean war and civilian production began to catch up with demand, the only course left was downward.

• Steel mill activity is finally bearing out Wall Street's prediction. The mills this week are scheduled to operate at 74% of capacity, compared with 74.4% last week, 74.3% a month ago, and almost 100% a year ago.

• Early hopes of some in the industry that there would be a rebound in the spring are beginning to fade. It's now thought the operating rate will stay in the vicinity of 74% for some months.

• The Korean war is over, and American spending for defense is being cut back. No return of all-out production of steel for war or defense is now foreseen.

• Production sights for 1954 have been lowered by makers of automobiles, electrical products, and other consumer durable goods. This means less steel will be needed for peacetime goods.

• Partly as a result of added capacity to meet Defense Dept. stand-by requirements, and partly as a result of new and more efficient facilities, the capacity of the industry is above today's requirements. Many fear this will lead to rugged competition and price-shading, which could hit profits.

• The ending of the excess profits tax, Wall Streeters say, won't help companies if they do not have earnings taxable under EPT.

• The current yields of many major steel companies indicate that investors think present dividend rates are vulnerable if earnings drop. Yet some bulls insist that dividend rates are well protected by earnings from mill activity at around present levels. Sample yields: U.S. Steel, 7.3%; Bethlehem Steel, 7.2% (excluding extras); Republic Steel, 8.8%; Jones & Laughlin, 9.1%; Armco, 8.1%; Youngstown Sheet, 7.2%; Inland Steel, 6.6%, and National Steel, 6.1%.

• The biggest reason why the steel shares have been dragging their feet while S&P's industrial index has been climbing is that investors do not regard the steels as "growth" shares. The industrial index has been pushed by the performance of such growth stocks as Allied Chemical, du Pont, Eastman Kodak, General Electric, Westinghouse, Standard Oil of California, Standard Oil Co. (New Jersey), and Union Carbide. Investors insist that the steels are speculative, cyclical stocks, of the feast-and-famine category.

• **What's Coming?**—There are many views on how far the slide in steel production will go.

Benjamin F. Fairless, chairman of the board of U.S. Steel, says his company will operate at about 80% of capacity in first half of 1954; beyond that, he doesn't feel justified in forecasting. "I think we are going to have a good steel year," he adds. "I still remain bullish."

Eugene Grace, chairman of Bethlehem Steel, isn't quite so confident. "We may get a spring upturn in steel demand, but I'm not willing to bank on it."

• **Auto Angle**—Wall Street's bears are asking how the steel rate could possibly return to capacity in 1954 if the automobile industry produces only 5.5-million or so units (as many predict), compared with 6.2-million last year.

A major problem—already on every steel producer's doorstep—is that of selling his product in a competitive market. Prices are being shaded through such concessions to buyers as reduction or elimination of extras. Thus far, base prices have held firm.

The steelmakers this year must negotiate new wage contracts with the United Steelworkers (CIO); the present contracts expire at midyear. A strike at this time is not considered probable, but it is still possible.

Where do the steel shares stand today, compared with 1951?

The following table gives New York Stock Exchange prices of eight representative companies:

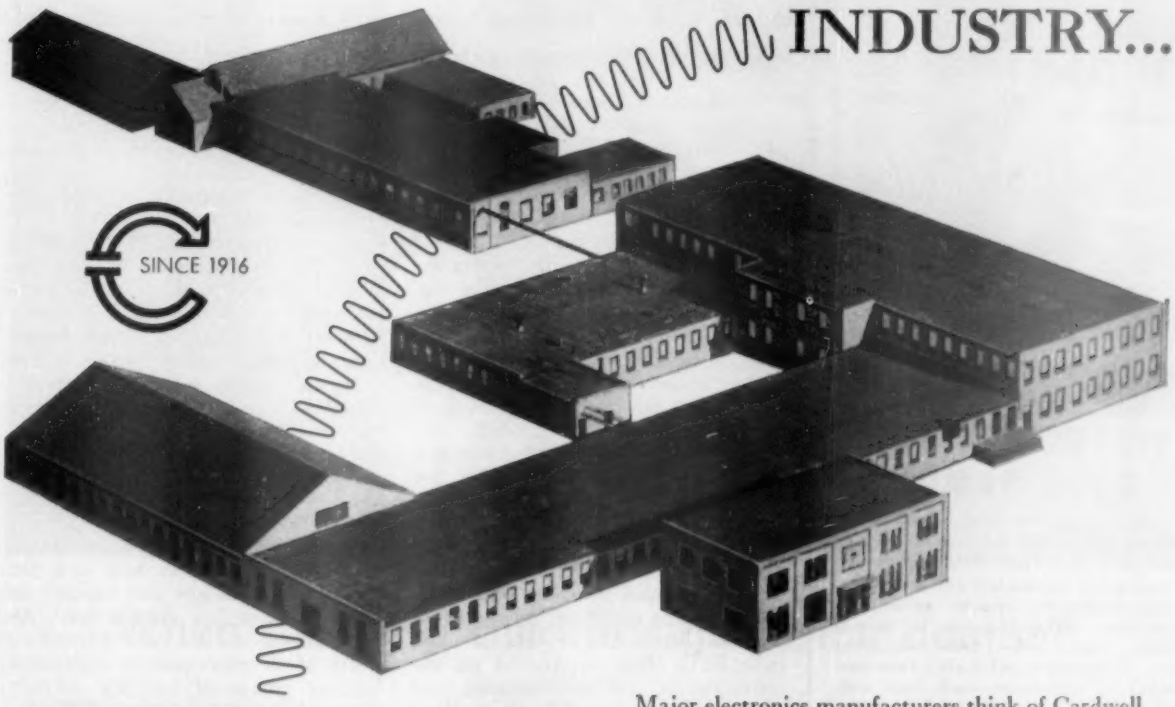
Company	*1951 High*	*This Week*
U. S. Steel	$47.75	$41.50
Bethlehem Steel ...	60.00	55.25
Republic Steel	49.50	50.67
Jones & Laughlin...	31.67	21.75
National Steel	56.00	48.50
Youngstown Sheet..	59.25	41.00
Armco Steel	51.37	36.67
Inland Steel	62.50	45.50

Just the same, the Street has a group of dyed-in-the-wool bulls who hold that the steel industry could witness another lush decade. They see new markets in the new multimillion-dollar turnpikes and bridges, along with relocation of industry, development of new suburban residential communities, shopping centers, schools, churches, and other structures that the turnpikes engender.

The trend of steel share prices, however, indicates that since 1951 the bears have been in the saddle.

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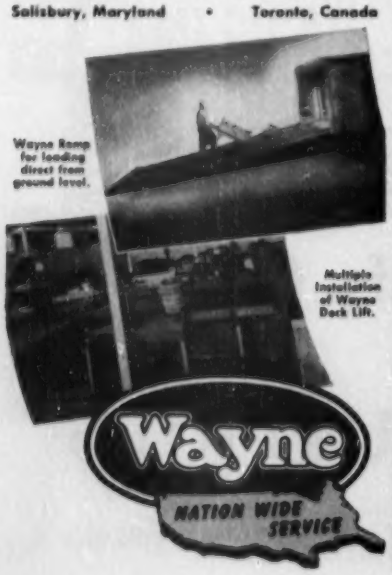
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Selling off RFC's Loans

Bankers' pool, set up to buy certificates of interest in RFC's small business loans, will speed up liquidation of RFC, cut government costs about $15-million.

The Reconstruction Finance Corp.'s liquidation program (BW–Oct.3'53, p48) shifted into high gear with the creation of a plan by which private bank "pools" will take over a major interest in RFC's outstanding small business loans.

When the liquidation operation began last November, disposal of the smaller business loans was tabbed as RFC's major problem. To ease things along, the agency set up a bankers' committee, headed by J. P. Dreibelbis, vice-president of the Bankers Trust Co. of New York, to work up plans for disposal of these loans through a national syndicate. The pool scheme is the bankers' brainchild.

• **The Plan**—Briefly, here's how it will work:

The small loans—$50,000 and under—will be lumped into one pot. Hundreds of large and small private banks will buy certificates of interest in it from RFC. Rate of interest on the certificates is still undetermined, but it will be enough below the interest rate on the loans to provide an adequate margin to cover servicing costs.

Collections made on loans will be attributed to the pool, then split between principal and interest—the private banks being paid off first. The government will get interest on its deferred participation at the certificate rate, plus any residue left after servicing costs have been paid.

The plan will be run by regional advisory committees of bankers in each federal reserve district. They will recommend banks to RFC, which will hold the notes and collateral and act as servicing agents in local areas. RFC estimates that savings of about $15-million in administrative and servicing costs for the government will be made over the next six years.

When the pool scheme was first talked up last November, the small business loans were defined as those below $200,000. Some observers think the extension may be a tipoff that disposal of RFC's business loans is going slower than quite a few had earlier hoped.

• **No Rummage Sale**—Officially, RFC is mum about liquidation progress. All that RFC Administrator Kenton R. Cravens, a former St. Louis and Cleveland banker, will say now is that he's "extremely happy with the progress we're making." Sometime next month he expects to release a progress report showing exactly what business loans have been bought up.

But as a banking expert on Capitol Hill puts it: "It's a question of whether you can be satisfied with small things." He thinks that up until now, RFC hasn't really pushed sale of its business loans too much, mainly because the loans are short-term obligations and not too attractive. If they had been more attractive, he says, they wouldn't have come to RFC in the first place.

He isn't criticizing Cravens, however. The RFC administrator's task is rough. He's pushing against a June 30 deadline and wants to sell out at a good price to the government. Cravens keeps emphasizing that there will be no "rummage" sale of RFC assets.

• **Slow Start**—RFC, as might be expected, has had better luck with the sale of its municipal and railroad security holdings than with its loans. Already the agency has sold $60-million worth of its municipals to investment banking groups all over the country. Late last month, for instance, the investment group that had earlier acquired $28.9-million of Cleveland (Ohio) 4% transit revenue bonds from RFC reoffered them to the public. As a result of deals such as this, only $39-million of municipal issues now remain in RFC's portfolio.

• **Pace Quickens**—In the meantime, negotiations for sale of business loans—particularly the bigger ones—go on. (But these negotiations are still fluid and most of the important deals are still in the mill.)

However, the ice now appears to have been definitely broken. Last week RFC consummated the first sale to private interests of one of its major business loans.

Involved in that deal—transacted by Dillon, Read & Co., Inc., and Reynolds & Co., prominent Wall Street investment banking houses—were approximately $21-million of Reynolds Metals Co. 4% mortgage bonds due serially through 1967. This block represented the unmatured portion of $29¼-million of such bonds RFC had purchased in the years since 1940 to help Reynolds Metals finance its expansion in the aluminum business. And the sale in question, reports the company's president, R.chard S. Reynolds, terminated RFC's "banking relationship" with his company.

• **Progress Report**—When its disposal program was started, RFC had 4,752



When should a child first go to the dentist?

WHEN a child is about three years old, he should visit the dentist. This may seem quite young, but authorities say it is generally the best age to introduce a child to dental care.

In most cases, little if any treatment is needed during the first visit. This appointment, however, is important because it gives the child an opportunity to become acquainted with the dentist and his office. It also helps to build the child's confidence so that future visits may be less likely to cause fear and anxiety.

Authorities recommend dental examinations for a child at least twice a year after he is three years old. This enables the dentist to detect any small cavities in the so-called "baby teeth" and fill them promptly. If this is not done, decay will progress with possible early loss of these "baby teeth." This in turn may result later in irregularities or crookedness in the child's permanent teeth.

When the first permanent molars appear, around age six, dental check-ups are particularly necessary. Though these molars may be mistaken for "baby teeth," they are a part of the permanent set, and if they are lost, nature will not replace them. Prompt repair of weak spots or surface cracks in the six-year molars is essential for their preservation.

Good dental health requires more than regular visits to the dentist. Diet, for example, plays an important part in keeping children's teeth and gums healthy. Daily care of the teeth and gums is also essential to good dental health. Dentists say that all children should be taught to brush their teeth within ten minutes after every meal, for at least three minutes at a time.

Tooth decay is largely a disease of the young. The American Dental Association estimates that about one out of every three children, entering the first grade, has a permanent tooth so badly decayed that extraction is required.

Fortunately, the prospect of reducing tooth decay has been improved by sodium fluoride treatments. These require four visits to the dentist at weekly intervals, and involve nothing more than applying the chemical directly to the children's teeth.

Dentists recommend that these treatments be given when children are three, seven, ten, and thirteen years of age. Studies show that after four treatments with sodium fluoride, decay in children's teeth may decrease as much as 40 percent.

Adults, too, should visit the dentist regularly, have defects promptly repaired, keep the teeth clean, and eat well-balanced meals. These safeguards are important because it has been established that there is a relationship between the health of teeth and gums, and general health.

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WALTER A. PETERSON, *Treasurer*
January 29, 1954.

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business loans outstanding valued at $485.3-million. It also had committed itself to another 96 loans aggregating $179.3-million. And this $664.6-million total accounted for 63.2% of the agency's $1.05-billion assets.

Loans of more than $10-million each were then being extended to eight borrowers, including Reynolds Metals. Such borrowers on Nov. 1, 1953, had $216-million of loans outstanding, which RFC is confident it will have no trouble unloading. Also on the books were 103 loans, ranging in size from $500,000 to $10-million each, totaling in all $144-million.

Many of RFC's smaller loans have been paid off since its disposal program began. In most instances, the agency isn't sure just how the borrowers were able to work out these payoffs. However, it does know that some of these paid-off loans were refinanced by local banks and others were retired out of earnings of the borrower.

• **No "Problem" Loans**—Cravens maintains that banks are not being asked to assume "problem" loans. Says the RFC administrator: Banks are only being offered "loans in good standing of industries in their home communities. They are assured of a fair investment return."

Excluded from the bank pool plan, therefore, are 992 loans worth about $64-million that are either already in liquidation or are "problem" loans—60 days or more delinquent or worse.

Biggest Refinancing Goes Over the Top

Treasury Secretary George M. Humphrey, this week, could show some measurable progress in his department's program to "stretch out" the public debt. "Very successful" is what Treasury officials call results of last week's giant refunding (BW—Feb.6'54,p68).

First results show that:

• Holders of $16.6-billion (of a total of $20.8-billion) of U.S. issues maturing between Feb. 15 of this year and 1956 accepted a Treasury offer to exchange their securities either for new 2¼s of 1961 or—in some cases—for either the 2¼s or 1⅞% one-year certificates.

• Of those accepting the offer, holders of $10-billion elected to take the longer term 2¼s.

The holders of $4.2-billion of the securities who did not come in on the offer were mainly those with issues maturing June 15 or later, who were offered the 2¼s of 1961 only. They may take cash at maturity. However, it's thought many who passed up the exchange may be standing by to see whether the Treasury will make an additional offer to them before maturity.

FINANCE BRIEFS

St. Louis-San Francisco Ry. directors voted against buying working control of the Central of Georgia (BW—Jan.23 '54,p114). Wall Street hears the price asked for the stock was too high. Some Streeters, however, still think such a deal will be worked out eventually.

•

National City Bank of New York now has $350-million in capital and surplus. This permits it, like the Bank of America in San Francisco, to lend up to $35-million to a single customer. However, Guaranty Trust Co. of New York still holds top rank in this respect; it can lend up to $39-million. That's because banks chartered by New York State can lend a customer up to 10% of capital, surplus, and undivided profits, while national banks can't count undivided profits. Counting all three factors, Bank of America now has $435-million; National City, $403-million; Guaranty, $393-million.

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Housing a competitor: Kansas City Life Insurance Co. will build a $400,000 office building for a branch of New York Life Insurance Co. to occupy under a long-term lease.

•

Nash-Kelvinator Corp. earned only $955,000 after taxes in the last quarter of 1953, compared with more than $5.5-million in the same 1952 quarter. President George W. Mason explained the drop by citing lower output of cars and appliances, price cuts, and a shutdown for model changes.

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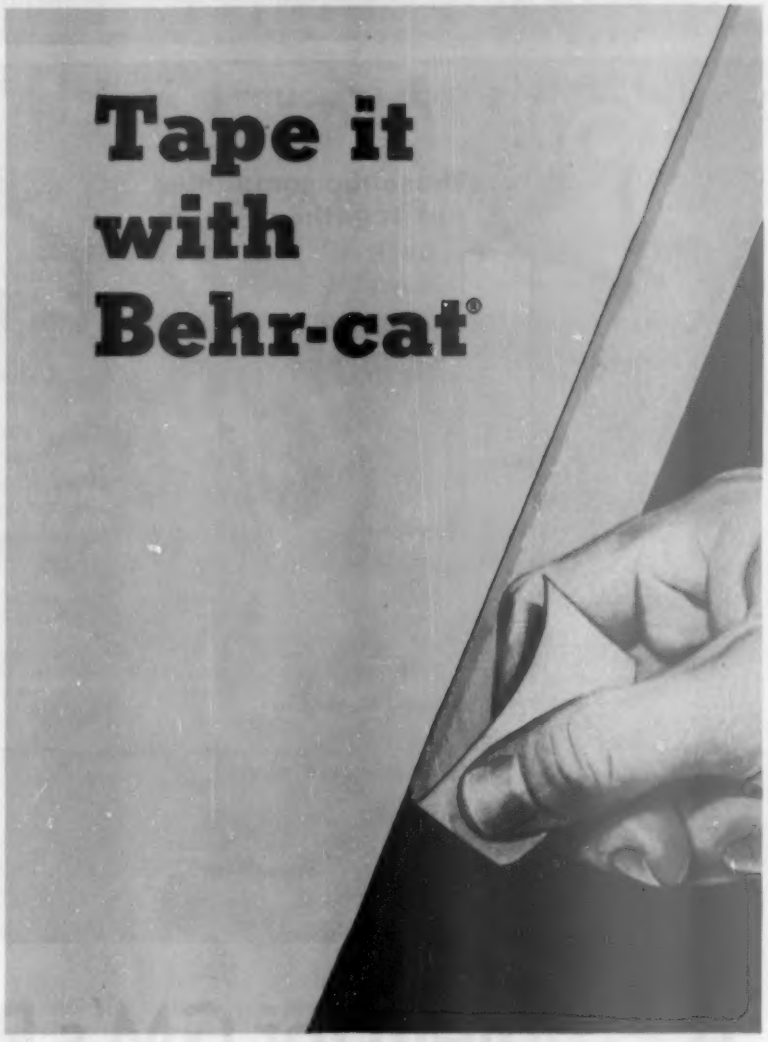
Bank deposits in the 15,512 banks of the U. S. rose $6-billion (3%) last year, putting the total past the $200-billion mark for the first time. The total was $202.3-billion at yearend. Of this, the American Banker reports, 52% was lodged in the nation's 300 largest banks, in 116 cities and 42 states.

•

A proxy fight for control of New York, New Haven & Hartford RR appears imminent. Rival groups are headed by Patrick B. McGinnis, who helped the late Frederic C. Dumaine win control of the road in 1948, and Frederic C. Dumaine, Jr., who succeeded his father as top man. McGinnis claims his group holds enough votes to reelect directors whom Dumaine wants to drop, and additional directors as well.

•

Regional stock exchanges are following the Big Board's lead in setting up pay-as-you-go stock purchase plans. A similar plan went into effect this week in Los Angeles, and the Midwest Stock Exchange in Chicago hopes to have one operating soon.



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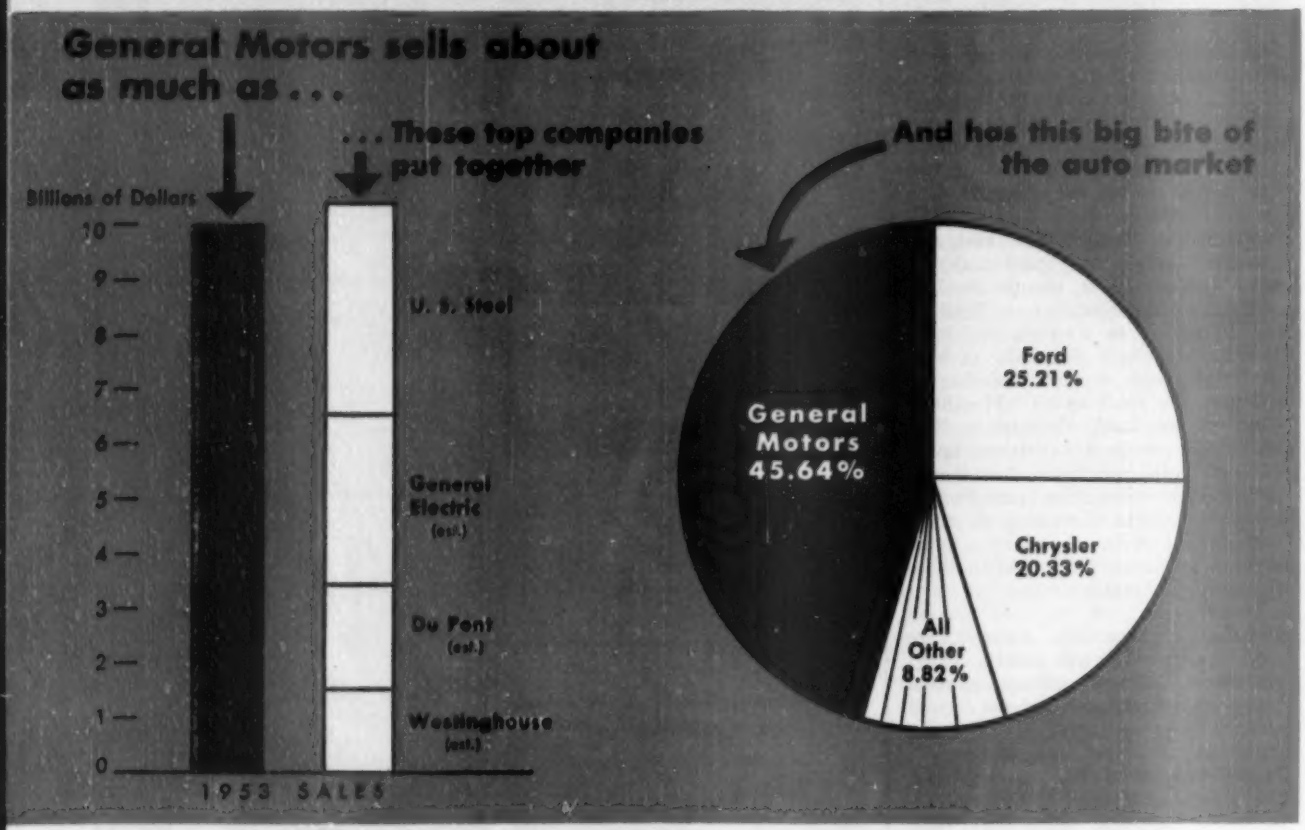
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T-9



AND THIS IN ITSELF IS . . .

A Problem for GM's Policymakers

Next month, General Motors Corp.'s financial report for 1953 is expected to show a sales figure in the neighborhood of $10-billion. That's a very restricted neighborhood. Sales figures that huge appear on the books of no other business firm. They compare only with the books of governments—and not very many of those, either.

Indeed, in its size, in its pattern of organization, in its tremendous responsibilities in social, economic, and political affairs, General Motors looks very much like a second cousin of the federal government. It employs half a million people in the U.S. alone, pays more than $1-billion in taxes, and last year paid about $5-billion—more than $400-million a month—to suppliers outside its own organization.

At one time a Detroit businessman, commenting on GM's cost-of-living wage policy, put it this way: "There are two inflationary forces in the U.S.—Washington and General Motors."

• **Dilemma**—The casual observer might envy GM its immense size. But if he went a little deeper into the subject, his envy might evaporate quickly. Because of its size, GM is up against a very nasty dilemma:

• If GM grows much further, it could hurt some smaller competitors, and might even squash one or two against the wall. At best, this would be bad public relations. At worst, it could bring on a government move to split GM apart.

• If it stops growing, the result could be stagnation. It's an old business adage that if you don't move forward, you slide backward. The adage is fixed deep down in the thinking at GM.

• **Answers**—To anyone who knows the corporation's personality, it's obvious that GM can't halt its own growth deliberately. Harlow H. Curtice, GM's president, has publicly stated that the company is aiming at 48% of car sales this year—against an already gigantic 46% last year (table, above).

When you ask GM's policy-making officials how big they intend the company to get, their answer is this: as big as the public, through purchase of GM products, lets it get. Any other policy, these officials insist, would mean sitting on the aspirations of a host of top-flight division management men. These men are paid for their drive in money—by way of bonuses—and in prestige. To hold the company down would be to squash that drive—hardly a wise thing to do.

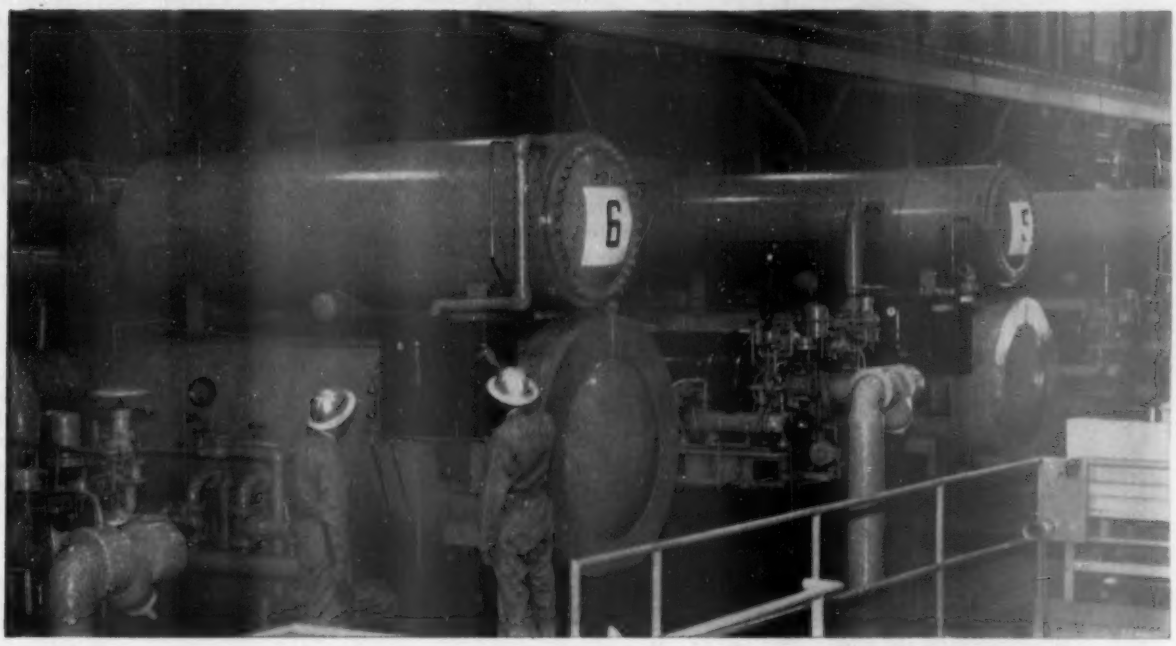
• **Who Gets Hurt?**—Officials of competing auto companies doubt, however, that GM can shoot for more than 50% of the auto market without risking some sort of antitrust action.

The two biggest auto makers—GM and Ford Motor Co.—have both announced to the public that they're out to cut into the rest of the industry's market share this year. Obviously, somebody is going to get hurt. Most likely victims: the independents.

Ford doesn't have to worry much

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". . . Chevrolet, Buick, and Pontiac could not be keener rivals if they were separate companies . . ."

GM starts on p. 68

about the consequences; it doesn't dominate the market as GM does. But—many Detroiters say—GM does have to worry. If somebody in the industry gets trampled on, General Motors will be subject to loud abuse from politicians, labor leaders, and even some other businessmen. It would be a strategic victory for the case against bigness.

It has been suggested that GM could seek a way out of its dilemma by broadening the market. It could bring its prices down—thus increasing its own sales without necessarily horning in on that part of the demand now satisfied by other producers. But if it did cut prices, some other auto makers might find it impossible to meet the competition. Whether GM seeks more of the current market, or a static percentage of an expanding market, competitors will still be in danger.

• **Change**—GM management may be fully aware of all this. It has helped competitors in the past (Kaiser-Frazer, for instance). But with Ford breathing hotly down its neck, GM can't very well lie back and take it easy simply because it has to worry about the independents.

Besides that, there are some veteran automotive people in Detroit who feel there has been a subtle, yet strong, change in General Motors' competitive feeling in the past year.

In the postwar era up to now, a demand for cars gave everybody a chance to compete, and government regulations much of the time called the market-share tune. When Charles E. Wilson was president of GM, these observers say, no one—even in GM—believed the corporation would seriously contemplate hitting the 50% mark in market penetration. Now, they say, there is every reason to believe GM officials feel that there has been a change of political climate—that even a 50% share of the market would not raise any eyebrows in Washington.

• **Responsibilities**—This change over the past year can be attributed only partly to the change in presidents and the generally acknowledged competitive instincts of Harlow Curtice. You have to take into account the change in the auto market—and what it means to a company as big as GM.

In making policy, GM has to think of the effect its actions can have in the economy. GM is the major lever in the business, social, and civic life of the 63 communities where it has plants. Kokomo, Ind., for instance, has nearly 18,500 GM employees; its population is about 38,500.

GM has thousands of stockholders and hundreds of suppliers, too. Financially, its well-being is tied directly and indirectly to a great part of the U. S.

To a great extent, it is a sense of this responsibility—well established in GM policy-making—that dictates much of GM's fierce competitive urge.

Now, with a major competitor openly determined to cut into its market, GM can't stand still without risking its position—and the welfare of lots of people not connected with GM. It is such a big part of the auto economy, for example, that a retreat in that market by GM might hurt the corporation only a little but be of very serious consequences elsewhere.

• **Diversify?**—That's why the obvious solution—diversification into other fields—to GM's management dilemma isn't an answer.

GM has gone into other fields—and is still doing it. (Example: purchase of Euclid Road Machinery Co. for off-the-road vehicles last year.) Testifying before a joint congressional committee in 1948, M. E. Coyle, then executive vice-president of GM, pointed out: "Products other than passenger cars currently account for a proportion of total sales up to 75% greater than prewar."

GM claims its Frigidaire division is the "largest in its field." The Allison division is the largest manufacturer of heavy duty transmissions. GM is the largest diesel engine manufacturer. Its parts division supplies most other vehicles manufacturers; the corporation claims that 95% of all cars and trucks use its New Departure division ball bearings; 75% of the trucks use Delco-Remy batteries. It must make other businesses a bit uneasy when GM announces it is moving into their fields.

Still, because of a natural competitive urge and a sense of responsibility to employees, stockholders, and communities, management is convinced it can't back away from its chief line—autos.

• **Organization**—On top of all the good business reasons GM can muster for not neglecting autos, there's the organization itself. Alfred P. Sloan, Jr., board chairman, developed the pattern in the early 1920s; and it has been little changed since. It has been widely adopted by other companies—notably Ford—and is the major reason why GM has become more, not less, efficient and competitive as it has grown. Add that efficiency to its size and you can understand why competition shakes.

GM's organizational pattern is familiar to all business by now. Each division is autonomous and competitive. Chevrolet, Buick, and Pontiac could

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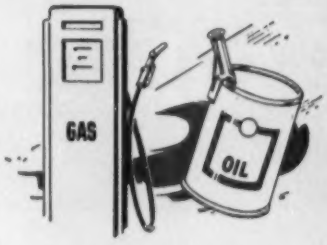
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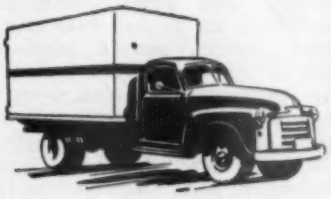
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not be keener rivals if they were separate companies. The most cutting remarks about Buick sales tactics heard around Detroit have come from Chevrolet; and vice versa. Each division buys and sells independently, and is not bound to buy from another GM division. GM parts, such as Hydra-Matic transmissions, are sold to competing car makers at the same price charged Oldsmobile. The president of one of the independent auto makers says GM has been more than fair to his company in price and delivery.

• **The Men**—The efficiency of GM, once stemming almost solely from the organizational pattern itself, now is based on the management developed within that organizational pattern. C. E. Wilson once said: "It is necessary to think of the problem from the standpoint of the man who is developing himself, rather than from the standpoint of the man who is being developed by us."

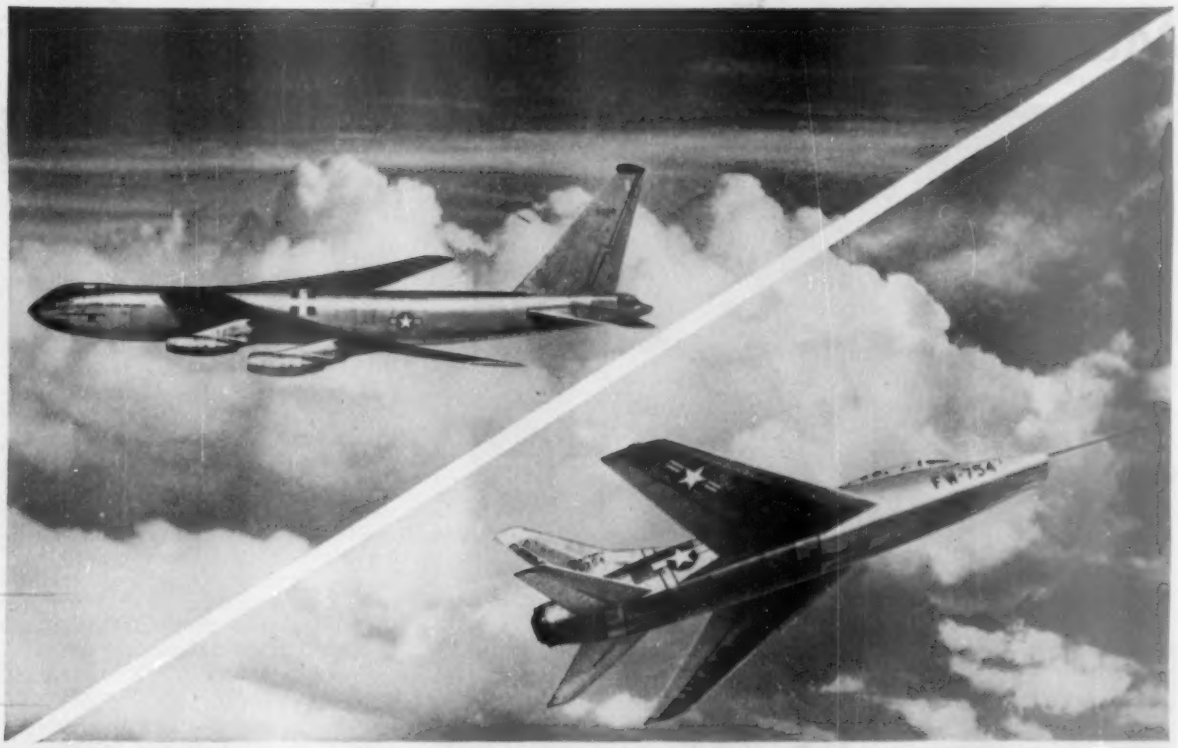
The essence of that philosophy is to give a man a chance. This creates a need for opportunities in the company—and that means aggressiveness. Through its various educational facilities—such as the General Motors Institute, which can qualify a man for a bachelor's degree—GM gets a constant stream of management talent.

This self-perpetuation of management is one secret of GM's efficiency and size. But to some shrewd observers, such self-perpetuation may be GM's major—and only—weakness. It may hold the real answer to the riddle: "How big can GM get?"

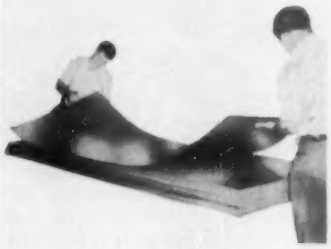
Despite the corporation's expansion, say Detroiters, it shows signs of being saturated with young management. These men are so well paid—salaries, liberal bonuses, pension plans—that there is little incentive for them to leave the corporation. Few young executives do. So eventually, you can have a kind of industrial bureaucracy, a state of mind that fights against "rocking the boat." You also can have a type of inward thinking—and that's something that can bar new ideas from outside.

That creeping complacency, that very consciousness of GM's superiority in so many fields, might be the deterrent to GM's continued growth. One eager pursuer of Chevrolet comments: "They're too smug. That's going to get them into trouble."

On the other hand, continued diversification, the intense drive this year for more of the car market (GM considers it simply a traditional share of the market), and the push in fields where it doesn't dominate give GM management a lot of time to think about a problem that it won't even admit exists today: "Where do we go from here—and how?"



Rem-Cru titanium is used extensively in such advanced production aircraft as North American's F-100 Super Sabre, and the eight-jet Boeing B-52 Stratofortress.



Designing better aircraft *with* TITANIUM...

Titanium's superiority over other structural metals becomes more apparent every day as new applications are developed for its use.

For example, since this new metal first became available in production quantities, aircraft designers have come to regard it as an essential in many types of modern aircraft. Supersonic aircraft use titanium in many vital parts. Fire walls, shrouds, cowling, skin-sections, compressor wheels and blades are a few of the places where Rem-Cru titanium's high strength-to-weight ratio and excellent corrosion-resistance do the job better than any other structural metal can.

And titanium's advantages aren't limited to the aviation field. Many chemical processors have discovered that titanium's exceptional resistance to many forms of corrosive attack make it an ideal choice for them.

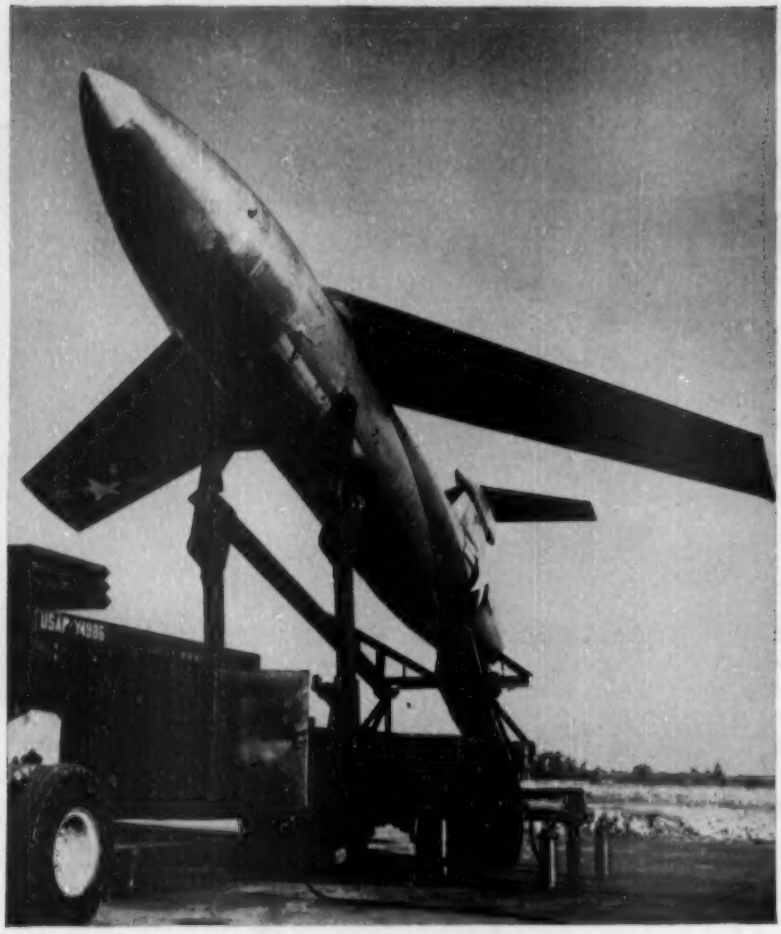
In fact, many new, widely divergent applications are being found for this versatile metal as expanding production makes more and more of it available. Now, Rem-Cru, a principal producer of titanium is making titanium bars, plates, sheet, strip, wire, tubing, forgings and billets. And our production facilities are currently being expanded to several times present capacity.

Why not investigate the possibility of improving your product or processing application with titanium. Rem-Cru engineers have test data available. Let us help you.

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Martin Gets Out of the Woods with...



...Stepped-Up Output...





...New Management

Glenn L. Martin Co. starts 1954 with at least the rosiest future it's had since the end of World War II.

It has production items such as the Canberra B-57 jet bomber and a firm foothold in the guided missile field through the Matador (picture, left), a ground-to-ground pilotless weapon now being shipped to military units abroad.

Besides that, it has a new management that so far has proved out to the satisfaction of the investors who placed their bets on it. Heading the company are George M. Bunker, chairman and president, and J. Bradford Wharton, Jr., financial vice-president (lower pictures, left to right).

• **Dire Straits**—This happy outcome for the company was no foregone conclusion. In fact, an announcement came at the end of January from Martin's Middle River (Md.) headquarters that made financial men shake their heads in wonder, and made the aircraft industry aware that the age of business miracles is still with us. The company, deep in debt just 24 months ago, had finished 1953 with sales estimated at over $200-million, high profits, an estimated order backlog of $750-million, and with no long-term debt.

Contrast this with the gloomy picture just two years ago. By January, 1952, Martin had reached the depth of its despair. It brushed so close to bankruptcy proceedings that it could have counted the judge's wrinkles. Despite an order backlog of $402-million, Martin had reported a $22-million loss for 1951. Its earned surplus was gone and all of its apparent sources of credit had been exhausted.

• **Turning Point**—Two key decisions, both essentially made in Washington, not only restored life to the corporate body, but set the stage for rapid recovery.

Martin's triumph is more than a victory for its new management. It is also a revealing history of:

• How far the government will go to keep an essential military aircraft producer alive.

• How too much business can do more harm than good.

• How important smart financial management is.

In order to view in the proper light the key decisions that were made, you have to backtrack to the days following World War II when the airframe industry was confidently preparing for a boom in commercial aviation—a boom that never came.

In 1947 Martin was producing the 2-0-2 transport and developing the 3-0-3, which was later dropped. Both of these operations were costly, and Martin

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with Timken Tapered Roller Bearings



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683 railroads working together combine all of America's scattered factories into one giant defense plant. The enemy knows all about this weapon—and he's envious.

Why? Because behind the Iron Curtain the railroads *can't* work together. One railroad's cars won't fit the next railroad's tracks. They have to unload and reload goods whenever the gauge changes.

They're 75 years behind us. And now our railroads are putting us even further ahead—with "Roller Freight".

"Roller Freight"—freight cars on Timken® tapered roller bearings—does away with the hot box problem, No. 1 cause of freight delays.

With old-style friction bearings, lubrication often fails. Then metal rubs metal, the bearing overheats, and a hot box occurs. The whole train has to stop.

But Timken bearings *roll* their loads. Sliding friction *can't* cause hot box delays with "Roller Freight"!

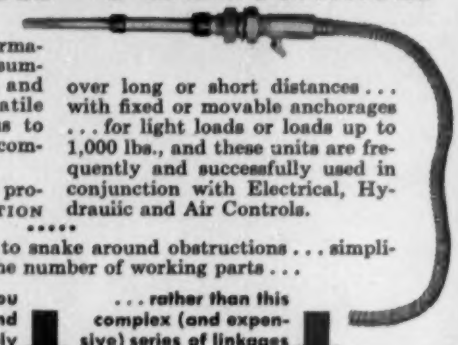
"Roller Freight" cuts starting resistance 88%, slashes lubrication costs up to 89%, reduces inspection time 90%. When all freight is "Roller Freight", the railroads will save an estimated $190 million a year, net a 22% annual return on the investment. And goods will move at sustained high speeds.

The railroads, like all industry, keep America on the *go* with Timken tapered roller bearings. The Timken Roller Bearing Company, Canton 6, Ohio. Cable address: "TIMROSCO".



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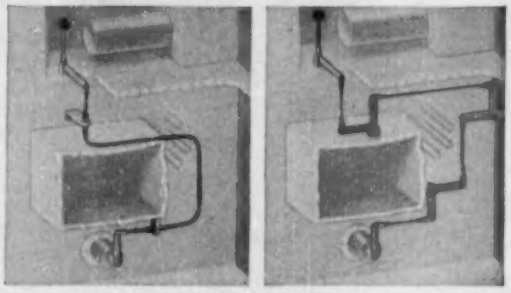
If you would like more information, after reading this brief summary of the characteristics and widespread use of this versatile Remote Control, just ask us to send you our IDEA FILE with complete Application Data.

Tru-Lay Push-Pull Controls provide POSITIVE REMOTE-ACTION over long or short distances . . . with fixed or movable anchorages . . . for light loads or loads up to 1,000 lbs., and these units are frequently and successfully used in conjunction with Electrical, Hydrauiic and Air Controls.

• • • • •

Flexibility makes it possible to snake around obstructions . . . simplifies installation . . . reduces the number of working parts . . .

to give you this simple and effective assembly ➡ ⬅ **. . . rather than this complex (and expensive) series of linkages**



POSITIVE REMOTE-ACTION and FLEXIBILITY together with Precision and Long Life, explain why TRU-LAY PUSH-PULLS serve designers and users equally well in improving machine operations, whether the application is on such severe service jobs as Bulldozers, Power Shovels and Steel Mill Machinery, or on such light duty work as Photographic Equipment, X-Ray or Business Machines.

Immunity to Vibration makes these TRU-LAY PUSH-PULLS ideal as Remote Controls on shakers and other vibratory products.

Complete Protection Against Dirt and Moisture is a big factor in the use of this unit on machinery in Coal Mines, Cement and Steel Mills, Oil Fields and in many other industries.

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needed cash. Private lenders, however, already recognizing that the entire aviation industry had rubbery knees, were cool. So Martin went to the Reconstruction Finance Corp. and got $16.6-million, putting up its plant as security. Despite the infusion, sales sank to $23-million (they had been 20 times that three years earlier), and the company took a $19-million loss in 1947, which wiped out half of its earned surplus.

In 1948, sales tripled, but there was still a net loss of $16.7-million, leaving a shrunken earned surplus of only $3.3-million. At this point, in July 1949, Chester C. Pearson was brought in as president and general manager. Veteran air man Glenn Martin, then 63, moved up to chairman.

• **Interlude**—By the end of 1949, things looked brighter. Sales were down, but there was a net profit of over $5-million, and the RFC loan had been reduced to $3-million. Much of the success that year may be ascribed to:

• Martin's selling off some of its nonaircraft property in real estate and chemicals.

• Sizable tax refunds obtained by applying 1947 and 1948 losses against earlier excess profit years.

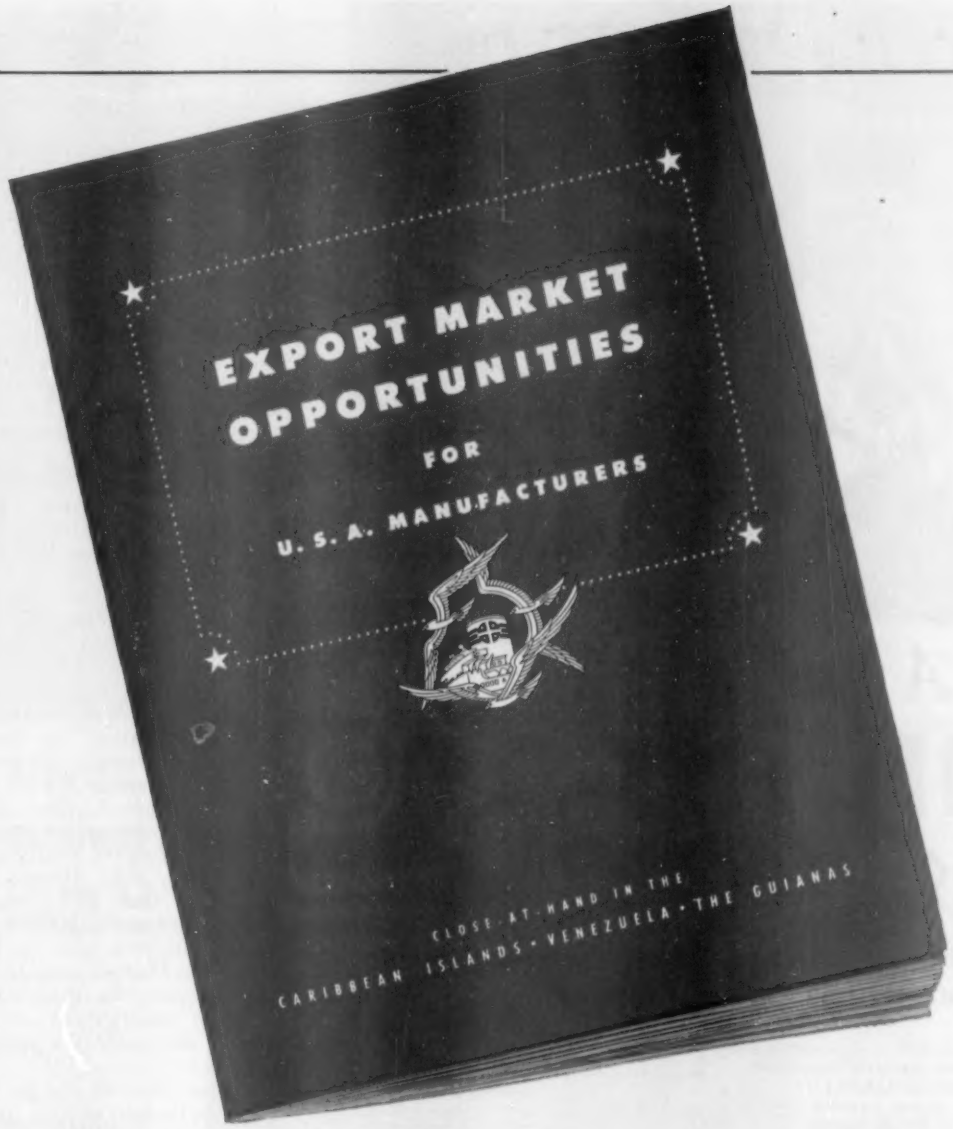
Early in 1949, Martin got orders for over 100 of the 4-0-4 transports from TWA and Eastern Airlines. Fixed-price contracts were signed at prices that, if not low, were certainly attractive. As before, Martin needed cash to finance production. The airlines advanced some. RFC, feeling better about Martin's management, put up $13-million. Also, a $5-million credit was established with the Mellon National Bank and Trust Co., of Pittsburgh, which took a second lien on the Martin plant.

While 1950 brought Martin the large commercial orders it had been so anxiously awaiting, it also brought the Korean war and the new air buildup. Late in the year, with the commercial 4-0-4s just going into production, Martin was again mustered into military service. Like a recalled reservist who had forgotten how to roll a pack and read a map, the company seemed unable to meet the tremendous demands placed on its finances and on its management. In short, business got too good too fast.

The Navy brought a flock of orders for water-based aircraft; the Air Force ordered the British Canberra B-57; work was expanded on pilotless bombers and on rockets; an air defense project for the Army Signal Corps was taken on. Martin tripled its personnel and went to work.

• **The Bottom**—At first, the trouble didn't show on the balance sheet. Sales in 1950 dropped to $40-million, but the company showed a profit of $3.1-million. Then came 1951 and the stark truth: Things were very bad indeed.

Basically, there were two troubles:



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The rapid post-Korean rises in labor and material costs put the unfinished 4-0-4 business in red ink. Martin discovered that fixed-price contracts, made immediately before a period of inflation, are just plain murder. Second, the expanded work force resulted in a dilution of trained personnel, many of whom had to be used to teach unskilled workers. The productivity curve went into a dive. On top of this, the commercial and government business were so intermingled that it was practically impossible to apportion costs.

With costs and losses headed skyward, more money was called in from outside. The government allowed over $32-million in progress and partial payments. Both the government and the airlines made advance payments totaling $17.8-million. The Mellon bank made two V-loans, adding up to $16.5-million, all but the $1-million of which was guaranteed by the Navy. With all this Martin showed its $22-million loss at the end of 1951 and appeared to be at the end of its rope.

• **Defense Boss**—The focal point now became Charles E. Wilson, former General Electric boss who was then director of the Office of Defense Mobilization. Martin's fate was in his hands simply because the government, one way or another, was the principal creditor. Charles L. Cary, the Northwestern law professor who wrote an extensive paper on the Martin refinancing in the May, 1953, Harvard Law Review, says that RFC, then under Stuart Symington, urged reorganization under bankruptcy laws. As holder of first lien on Martin's property, RFC felt this was safest for them. Also, congressional investigations of RFC in 1950-51 had made the agency supercautious.

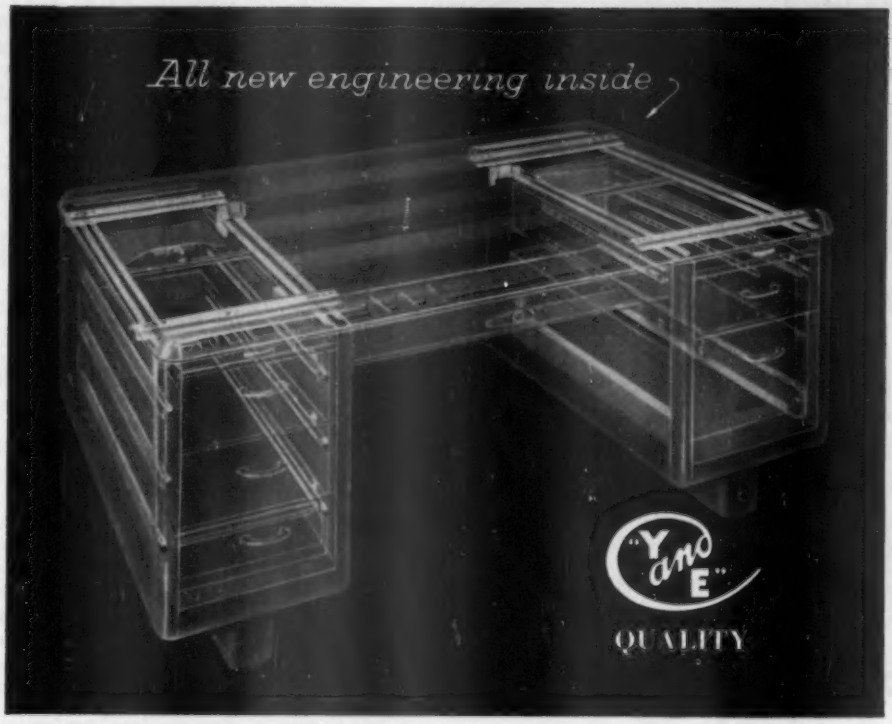
On the other side, the Navy and the Air Force thought of what court action would do to production and employee morale, and took a dim view of bankruptcy. First of all, they needed combat planes, and besides they had much more money at stake than RFC, what with the advances, progress payments, and guarantees of the Mellon loans.

In mid-January, 1952, Wilson decided in favor of the Defense Dept. and against RFC. There were two immediate results:

• A refinancing plan, sponsored by the Navy and the Air Force, was placed in operation. The Defense Dept. opined this plan would eliminate Martin's government debt in three years. (As it has turned out, it eliminated it in two.)

• All creditors agreed that a "strengthening of management" was a basic and necessary condition. This brought Bunker and Wharton into the picture.

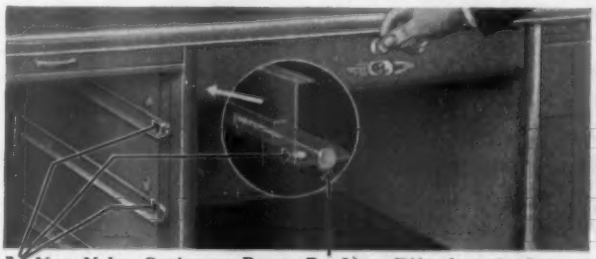
• **New Faces**—Bunker, then 44, and



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This new "Y and E" desk keeps its handsome, accepted style—but 20 engineering changes make it the most adaptable, easy-to-use desk you can buy.

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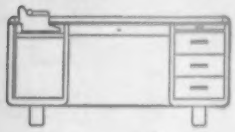


1. *New Nylon Stationary Bearings* glide drawers quietly in and out with effortless ease.

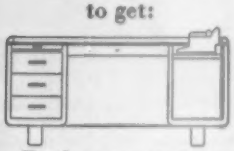
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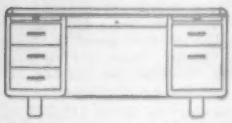
Same desk adapts for different uses



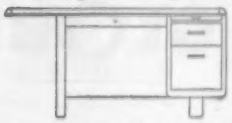
Reverse pedestal to get:



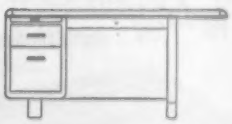
Replace typewriter pedestal with drawer pedestal to get:



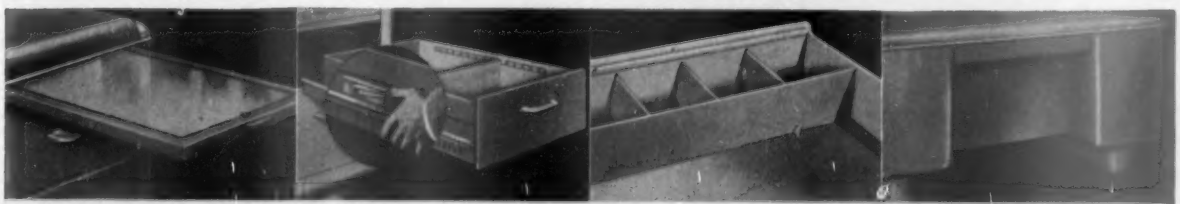
Replace pedestal with end panel to get:



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Wharton, then 37, had come together in 1949 as president and vice-president of the Trailmobile Co., of Cincinnati. Both had been handling big operations and earning big money for 10 years, and had attracted the attention of the Mellon interests.

In December, 1951, Bunker and Wharton began to get feelers from Martin, probably through Mellon. In February, as a part of the refinancing plan, they were hired. Glenn Martin himself was made honorary chairman, Pearson stepped down to vice-president (he later quit), and the new men took over.

The refinancing plan employed to resuscitate Martin had five principal parts:

Convertible notes—One argument the Navy had offered against bankruptcy was that a reorganization would give new investors a superior credit position. The goal, therefore, was a means to get new capital without harming the government's status as first creditor. This was reached when Martin arranged for 19 private investors to buy $6-million in 10-year 4% voting notes. The notes were subordinate to all other debt, and thus outranked only the common stock.

Cary points out that in the light of Martin's condition, these notes didn't look like much of an investment. But there were other inducements. Each $6 in notes would be convertible into one share of Martin common stock, and warrants for an additional 16⅔ shares—at $6 a share—would go with each $1,000 of notes. The stock, after the 1951 losses, had no book value, but in the winter of 1952 it was still selling for well over $10 a share which made the conversion privilege attractive.

The notes could not be converted for seven months. This was to give Martin a chance to offer new stock to its ownership and thus avoid dilution. This stock was offered in May, 1952, at $6 a share (market value was still over $10), and the $4.5-million proceeds were used to pay off 75% of the convertible notes.

Had all the authorized new stock been sold, it would have been possible to pay off all the notes before they could be converted. This discouragement for note buyers was avoided by the fact that Glenn Martin himself agreed in advance not to exercise the rights on his 26% of all common stock. As Cary says, "This assured conversion of about 25% of the notes."

Airline payments—Perhaps the most surprising part of the plan was the contributions by TWA and Eastern Airlines. A deal was arranged by Howard Bruce, then Baltimore National Bank chairman and an aide to Charles Wilson at ODM, by which the lines paid an additional $25,000 for each 4-0-4 ordered. This brought Martin $2,525,000. The deal wasn't easily made. At first the lines clung to their old fixed-price contracts. In the end they must have realized that here was the only way to get the now sorely needed transports.

Loan boost—The V-loan, guaranteed principally by the Navy and made through Mellon and other banks, was raised from $16-million to $27.5-million, and later to $32-million. Only $23-million of this was ever used.

RFC standby credit—The RFC, according to Cary, under orders from Wilson committed an additional $12-million "standby" or "defense" credit—a little used device. Martin never touched this credit.

Extensions—The older loans, both RFC and V-loans from Mellon backed by the Navy, were extended.

Martin finished its refinancing year—1952—with sales of $146-million and profits of $5.8-million. At the same time, its order backlog rose to $650-million. The year saw the delivery of the final 4-0-4s to the airlines. This, with military deliveries, reduced the RFC loan and paid off the original $5-million Mellon loan.

The 1953 sales volume of over $200-million—spurred by heavy fourth-quarter deliveries of Canberra jets—enabled Martin to continue reducing its sizable debt. As the year ended, all that remained was $10-million of the V-loan and $1.5-million of advance government payments. The advances were taken care of by early 1954 deliveries, and the V-loan was liquidated through Mellon borrowing—this time a 90-day note at going commercial rates.

Toward ownership—Why did Bunker and Wharton walk into what in 1952 must have looked like professional suicide? For one thing, they apparently had the blessing of the Mellon interests. For another, Martin offered strong incentives.

Bunker was given a salary of $75,000, Wharton $45,000. Besides, both got lucrative stock option arrangements, which help open for them the road from professional managership to ownership control.

The two started picking up Martin common last summer. By 1957, if they exercise all options and warrants, they will own or control 325,220 shares. Glenn Martin personally owns about 275,000 shares, but since the 1952 refinancing, voting control of them rests with three trustees who are pledged to go along with existing management.

Wharton has faith that Martin's cash position should be able to sustain the company in the event of full peace or an air defense cutback. But it's evident that they don't expect that situation tomorrow. Wharton says, "We bought for the long pull."

Pay Trends for 1954: Higher on the Fringes

This year executives can expect to see more of the same kind of pay treatment they've enjoyed in the postwar high tax era. That means more additions to executive fringe benefits designed to supplement straight salaries in order to lessen the tax burden. That's the conclusion reached by Business Reports, Inc., in its 1954 Pay Almanac.

Authors J. K. Lasser, William J. Casey, and Walter Lord give this prognosis for 1954:

• Profit-sharing plans will continue to spread. This will be especially true of the type that defers part of an executive's share of the profits—through a trust fund that purchases securities—until future years when presumably his tax bracket will be lower.

• Pensions will likely become more liberal. Limits are being hiked; earlier retirement is being allowed, at say, 55; easier rules on eligibility are being set up; and many companies are ditching participating plans in favor of noncontributory pension funds.

• Expenses for executives will need close watching this year because of the Internal Revenue Service's aim of holding them down to reasonable limits and eliminating looser wartime procedures. Practical rule-of-thumb will allow only those expense deductions that are different from or are bigger than those incurred in everyday living.

MANAGEMENT BRIEFS

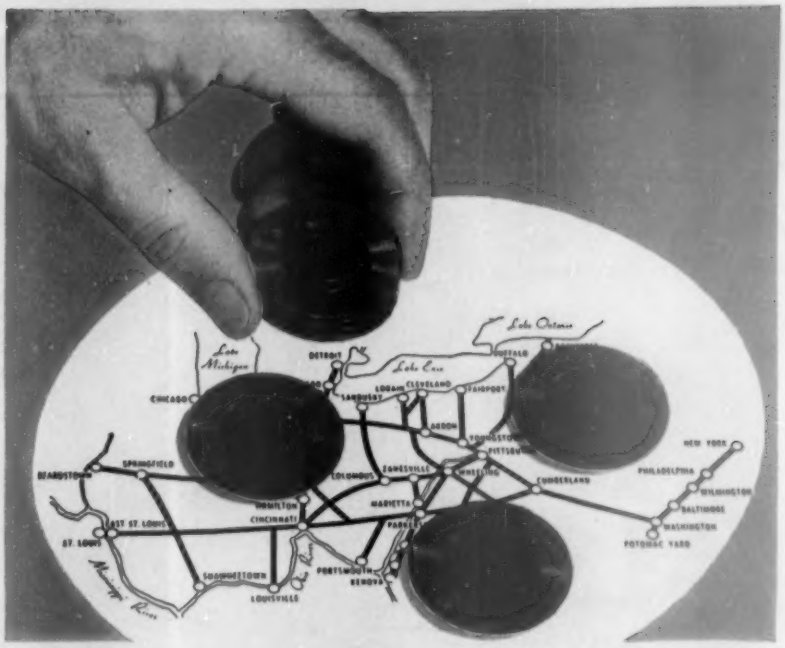
Potential executive abilities of upward of 1,500 college graduates were tested last week in about 150 centers here and abroad to determine whether they should take graduate business school work. As an experiment in screening, a group of universities sponsored the project using the Educational Testing Service of Princeton, N. J. Among university business schools participating are those of Chicago, Harvard, Columbia, and Michigan.

•

Employee stock options have spread to two more companies. American Optical Co. announced a plan to let employees subscribe to a minimum of three or a maximum of 200 common shares at a price of $33 a share. Armco Steel Corp.'s version offers 300,000 shares through payroll deductions.

•

Statistical methods in production management will be the subject of a short course at the University of Tennessee, Knoxville, Mar. 22-30. W. Edwards Deming, statistical expert, will be the instructor.



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Adlai Stevenson is titular head of the party. Men backing him for 1956 presidential nomination count on his wide popularity.



Estes Kefauver's glamor has worn since his crime-fighting days on TV. He'll have to work hard for a big following in 1956.

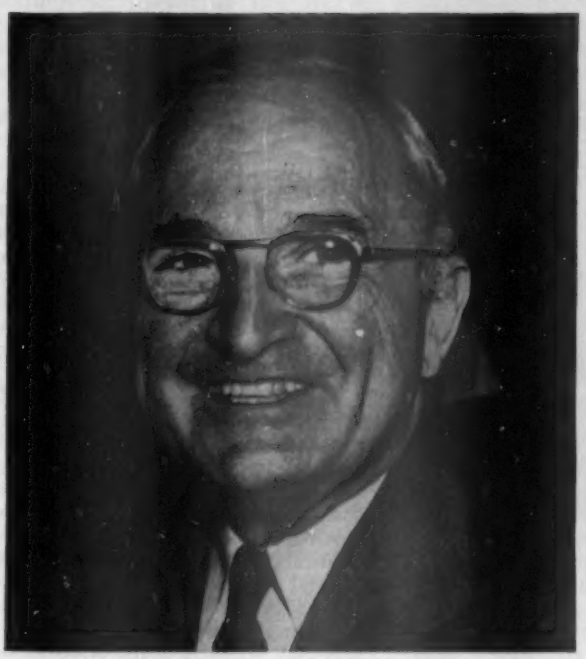
ONE OF THESE FOUR PROBABLY WILL EMERGE AS LEADER IN 1956. AND

Democrats Getting the Most from





IN CONGRESS Rep. Sam Rayburn (left) and Sen. Lyndon Johnson have a lot of influence, as minority leaders, in the only forum available to the Democrats for bringing the party position to bear on the Administration.



Harry Truman has retired to the role of elder statesman. At least until campaigning gets hot, he'll stay in the background.



Stuart Symington, fast-rising freshman senator, may run in 1956. His politics cleave to the middle; his record is blank.

MEANWHILE, YOU SEE . . .

Being Out of Power

The men pictured on these pages are all Democrats, members of the minority party. But in the months to come they will be swinging just as much weight in Washington as they would if they were Republicans.

It's only 15 months since the Democratic Party was toppled after 20 years of rule, but the party is acting today in many ways as though the election had never happened. It can afford to. No minority party in U. S. history has been numerically stronger; the Democrats actually have a majority of one in the Senate.

This powerful minority has spurned the traditional role of being the "agin" party. Instead, congressional Democrats have adopted a calculated attitude that some of them call "majority mindedness." The leaders believe that they can brighten up their chances next fall by publicizing what they call a responsible, constructive approach toward legislation.

• **Reorganizing**—For a starter, the leaders believe that the way to win in 1956 is to concentrate now on 1954. The party organization is being rebuilt even down to the precincts, at the same time that a citable record is being made in Congress. Some old-line city bosses are being replaced by clean-cut young war veteran types. In the South, disgruntled Democrats who bolted to Eisenhower in 1952—like Governor Allan Shivers of Texas—are trooping back to the fold. By 1956, the leaders think the party will be back on a solid footing. And—with some help from the Republicans—they expect to convince the voters that the Democrats are the party of the people.

No Democratic leader will admit that the party was repudiated in 1952. As they tell it, Adlai Stevenson just got beaten in a popularity contest with perhaps the most popular American of the century. They point to their strength in Congress as evidence that the party was almost endorsed, rather then repudiated, by the people.

That still leaves them with the major job of dispelling the idea that was built up during the Roosevelt-Truman regime that the party is spendthrift, corrupt, and soft on communism.

I. In Quest of a Leader

An even bigger job, perhaps the biggest of all, between now and 1956 is to grow a new head on the very-much-alive Democratic donkey—a head that can speak for all parts of the body. This leadership struggle probably won't be decided until well into 1956. As of now, these names stand out:

Adlai Stevenson. As the 1952 presidential nominee, Stevenson is the titular head of the party. Even without an official forum, he is in little danger of fading away. He's besieged with requests for speaking, writing. He won't get himself embroiled in partisan debate, but will be heard from at respectable intervals on national issues in order to create a statesmanlike role. He isn't strong organizationally now, but his backers feel that his popular following can be turned to political strength at the proper time.

Harry Truman. The former President has a wide following. But he is still poison to much of the South, and will stay in the background, playing an elder statesman role, until the campaigning gets hot. Then he'll have a hard time keeping out of the thick of it.

Estes Kefauver. The Tennessee senator is running already. He has popular strength throughout the country, but has cooled off a lot since his TV crime-busting days. He will need to get his glamor retreaded if he's to stir up the following that he had in 1952.

Stuart Symington. The up-and-coming freshman senator from Missouri has in his favor geography, middle-of-the-road politics, and no real record. Some of his Senate colleagues are promoting him to offset Stevenson and the

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liberal wing. He wouldn't be controversial, but many feel he's a lightweight, and unversed in political infighting.

II. Campaigning in Congress

In the meantime, the real leadership of the party rests in Congress, the only place where the party guns can be brought to bear on the Administration program.

Congressional strategy is in the hands of a pair of able Texans, House minority leader Sam Rayburn and his protege, Lyndon Johnson, party leader in the Senate. The two are in touch daily, see eye-to-eye on this strategy, which they are urging on their colleagues:

Vote for legislation that Democrats traditionally support. Vote against what you would normally be against, even if it were recommended by a Democratic administration. Don't engage in sniping or guerrilla warfare. Don't commit yourself in advance to support or oppose a proposal. When the Administration comes up with legislation in line with Democratic policy, support it. Better yet, come up with a constructive alternative—as Sen. George did on the Bricker amendment.

• **Force of Habit**—The Democrats feel that the Republicans were out of power so long that they still can't help acting like a minority—opposing from force of habit. The Democratic leaders don't want that to happen to them.

Their approach, they figure, is good politics in that it helps to make the Republicans look like the villains. Fortunately for the Democrats, there are few issues to divide them this year. States rights was pretty much taken care of in the tidelands legislation last year. Civil rights won't plague them this year. Poll taxes are no longer an issue.

On the other hand, the President's program splits the Republicans. The Democrats can hold back, and let Republicans oppose Eisenhower on such issues as labor, farm price supports, trade, aid, postal rates, debt ceiling, and the Bricker amendment.

Some Democrats on the Hill feel they made a mistake last session in not pushing for more legislation. "We swept too much under the rug," one senator said. The job this session is to make a positive record that they can take to the voters—having been for the right things, against the wrong ones.

• **"How Can We Lose?"**—With a responsible approach, the leaders don't see how the party can get hurt in 1954 elections. If the Democrats were for the right issues, the voters can't hold it against them whether they are enacted or not. But Eisenhower will be held accountable for whatever portions of his program he fails to get through.

"He sent up enough recommendations to keep us busy for four Congresses," one Democratic senator says. "That's where we are going to beat them."

In the House, the Democrats are guided by wily, old Sam Rayburn, who has served as Speaker longer than any other congressman and who knows all the legislative tricks. He is backed by former majority leader John McCormack of Massachusetts, former whip Percy Priest of Tennessee, and up-and-coming younger Democrats like Wilbur Mills of Arkansas, a key member of the tax-writing Ways & Means Committee.

Rayburn and McCormack are bullish about the election outlook. They figure they will pick up 40 seats, mostly liberal seats in the North and West. For one thing there's more unity on the Democratic side of the aisle. Partly that's due to being on the "outs" politically, partly to things like the Dewey and Brownell attacks, which nettled even anti-Truman Democrats. Too, the old conservative coalition is beginning to come apart, primarily because most of its Republican side falls in line under leadership prodding. That leaves the Democratic half the choice of following its leaders or of being isolated politically.

McCormack, whose job it is to keep the votes in line, says he'll be able to hold 85% of the Democrats on domestic issues, 97% on foreign policy. He questions whether the Republican leadership will be able to do as well.

• **Sitting Back**—In committee work, where legislation is shaped up, the Democrats will follow a policy of sitting on their hands, leaving the Republicans the responsibility of getting the Eisenhower program out. If a measure reaches the floor, they will support it, if it is in line with Democratic policy. The important point is that they will not help the Republicans get their controversial legislation to the floor. And the chances are that their help will be needed to get what the President wants in the way of taxation, trade, foreign aid, and labor law changes.

• **Senatorial Unity**—The Democratic "minority" of 48 in the Senate probably hasn't been as unified since the days of Speaker Joe Robinson in the 1930s. Leader Lyndon Johnson belongs to no faction, works hard at promoting harmony, draws little criticism of his conduct of a job that has proved a political graveyard for two of his predecessors.

Most Democrats are satisfied with the way Johnson has handled the leadership.

He's an operator, has learned how to assess a legislative situation, knows what can be done and moves accordingly. He is continually seeking common ground

on which his side of the aisle can get together. He's happy not to be plagued by the divisive civil rights issues that dogged his predecessors.

"We've all got our problems," he says, in reference to home-state factors that affect the positions senators take on issues. But he seems to have some success in getting the extremists to accept the political facts of life.

• **Moderates**—The die-hard liberals among the Senate Democrats now total no more than five, while the extreme conservatives are no stronger, if that. The largest group—the moderate conservatives—is headed by senators like George and Russell of Georgia. There are roughly 20 in this category. The moderate liberals—like Monroney, Humphrey, Kennedy, Jackson—are almost equal in number, but don't pack the same weight because they are short on seniority.

The middle groups hold the party together while it searches for a role in which to reassert itself. The big problem is to avoid becoming extremist, which would limit its appeal. Prospects are that when the party comes up to 1956 it will still be progressive, but minus its New Deal zeal.

III. National Committee

No matter what Congress does or does not do to the President's program, there are two overriding, fundamental issues that will have more impact on the election outcome than anything else:

• The Democrats are vulnerable on softness toward communism.

• The Republicans are vulnerable on depressions.

It isn't a question of whether those weaknesses are based on fact. The point is that large segments of the voting public accept them. They are issues that don't cancel out. In good times, you can stir up a lot of voters about ideology, about pinkos in the State Dept., and red espionage.

When times turn down, when there's belt-tightening and penny-pinching, voters tend to forget ideological issues and turn to the party that they think will make everything rosy again.

The Democratic National Committee is going to keep telling the voters that they are that party.

The financial picture of the party is improving in about the same ratio as the political outlook. As Sen. Mike Monroney puts it: "We're tincupping our way to solvency."

The $246,589 deficit as of Dec. 31, 1952, has been whittled to $93,000. Actually, the income of the committee has been sufficient to wipe out the debt completely. But in contrast to 1928, when it drew in its neck and concentrated on debt reduction, now the



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committee feels it should do even more when out of power. Last year—a noncampaign year—the committee expenses topped $800,000—a record high for Democrats.

The $100-a-plate dinners are out. Instead, the rule now is $5 and $10 dinners. That brings in more people, makes for more stockholders—in the philosophy of Chairman Steve Mitchell. Emphasis will be put on the small donations—$1 and $2—to spread the Democratic stock as widely as possible.

• **Democratic Digest**—One of the most effective weapons in the Democratic propaganda arsenal is a lusty new magazine, an innovation in political publishing. Barely six months old, the Democratic Digest, which is pocket-sized and sells for 25¢, has a circulation of 100,000. This breaks down to between 35,000 to 40,000 subscriptions, and approximately 60,000 newsstand sales.

When first broached to party leaders by editor Clayton Fritchey, the Digest got a cold reception. "If you can't give away propaganda, how can you sell it?" they wanted to know.

They also reminded Fritchey that liberal magazines have had a notably poor public reception, that few have attracted more than 50,000 readers.

"The difference between the Digest and other liberal magazines," Fritchey points out, "is that we don't carry a sense of outrage. We're a magazine of opinion, but we are trying to put out a magazine that is fun to read. Our acid test for a manuscript: 'Is it interesting?' We aren't interested in putting out a house organ."

Ironically, the Digest was originally a house organ for Democratic women. Fritchey sold the committee on trying out his ideas on the Digest. Two transitional issues were put out last spring and summer in which Fritchey injected reprints of provocative articles and cartoons of both political and nonpolitical nature into the usual house organ copy.

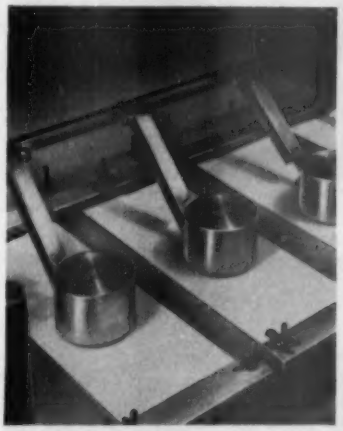
• **Quick Gains**—It caught on immediately. The first regular issue was published in August of last year, with between 12,000 to 15,000 subscriptions in the till. Since then circulation has climbed steadily. Party reaction has been good. Readers apparently like serious issues treated lightly, particularly through cartoon reprints. Even Republicans read it—about 18% of total newsstand sales, according to latest calculations. Fritchey claims that the Digest provides the only liberal interpretation of news and issues in the many areas of the country that are served only by a pro-Republican press.

The Digest will have its real test as a party weapon in the fall campaign. After November, party candidates will have a pretty fair gauge on how much the Digest helped—or hurt.

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GEOLOGIST Thomas Shufflebarger, Jr. (right), is looking for clues to underground water deposits. At the first sign . . .



TEST HOLES are drilled, samples of the sand are brought up from different strata.



FINGERING the sand gives geologist a pretty good idea of its permeability.



INSTRUMENT readings correlate findings in test drill, indicate nature of soil.

Southern Railway Looks for Water

When an industrial company decides to relocate—or put up a new plant—in another section of the country, almost the first thing it does is investigate the new community's water supply. Since big manufacturing plants use thousands of gallons of water a minute, no company in its right mind would think of locating in a territory unless it were assured of enough low-cost water.

That's why states that are competing for new industry are turning handsprings to line up new sources of water. In many cases, companies already established in the area are giving the state a hand, since new industry often benefits them. Southern Railway System, which operates in the Carolinas—and would welcome more shipping business—has hired a geologist to ferret out new underground water sources.

• **More Dependable**—Southern Railway is going underground for water because geologists feel that that source is more



"Sure, I'm Top Brass— and mighty proud of it, too!"

The Brass

The new doorknobs on the Pentagon are brass, and GIs who recall the frosty remarks of some high ranking officers about their use of the term will get many a chuckle out of the change.

The old hardware on the main entrances was cast iron but it was rusting away and the building managers were reported to have received complaints about broken fingernails from some of the personnel. Since a taut military organization can't handle paperwork properly or even stand a passable inspection, on or off duty, under such conditions, we think the change is all for the better.

But we never could see the objection to the word "brass" as applied to the higher military echelon by those of lower rank. The term not only has a ring of authority to it, there is even good authority for its use. It comes from "brass hat" and Webster tells us that this means "a general or staff officer; — from the ornamental gold braid on the cap. *Slang.*" So those who want to try to stop use of the term must first stop using brass all over themselves and leave it for the doorknobs.

Even so some other descriptive terms will come about. A little poke at pomp and circumstance is part of a citizen military establishment. Any soldier who laughs at himself as nothing but "government issue" along with the guns and rations is not going to stop there.

Further, if the present GIs indulge in the same unrestrained nomenclature we remember, ranking officers ought to be happy to settle quickly for just brass.

Editorial from the WALL STREET JOURNAL

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dependable for heavy users than is surface water from streams or rivers. Also, in the long run, it's a lot cheaper. Then, too, it has the added advantage of maintaining a steady temperature of around 58F, while surface water varies widely.

There are two types of underground water: (1) artesian, or large bodies of underground water more or less independent of nearby surface streams; and (2) infiltration water that seeps from the bed surface streams and is filtered through porous sand or other materials.

• **Southern's Team**—Thomas E. Shufflebarger, Jr., who holds a master's degree from Virginia Polytechnic Institute, is the geologist Southern has hired to locate and map out these water deposits. Working with him is Howard N. Butler, president of Carolina Well Drilling Co. of Southern Pines.

The team won't actually drill any wells. The data they gather will go three places: (1) to the office of F. Clifton Toal, assistant vice-president of Southern in charge of industrial and agricultural development; (2) to the North Carolina Dept. of Conservation & Development; and (3) to the U.S. Geological Survey. The first two groups will serve as an information bureau for industries seeking new sites. The third will distribute the information to the public.

• **Old Science Updated**—The science of finding heavy supplies of underground water for industry is fairly new, but the trick was known to Persians and Mesopotamians centuries before the birth of Christ, geologists say. And wild ponies that live on sandy, waterless islands off the coast of North Carolina instinctively use this method to get water.

The ancients would dig a pit near a river, then dig tunnels into the porous soil. Ground water, seeping from the river, flowed through the tunnels into the pit.

The ponies simplify the system even more. They paw holes in the sand, then drink the fresh water that filters through.

In both cases— as well as in the modern method—the idea is to find layers of sand and gravel deposited by a stream at some time in the past. When these layers are below the present level of the stream, water seeps through them and is filtered clean by the sand. It is the sand that does the work; the gravel serves to hold it in place.

• **Watermarks**—Shufflebarger and his crew travel with a raft of fancy equipment designed to help locate these deposits, but they depend almost as much on the eye. In their junkets by Jeep or by small boat, they watch for streaks of sand gravel in a highway cut, a meandering stream, broad flood plains in a river valley, or a narrow outcropping of rock across a stream. Any one



Photographed through courtesy of Macy's New York

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What produces the vibrations? Two slender nickel rods—and a principle of physics called *magnetostriction* (the peculiar way they change size in a changing magnetic field).

Putting magnetostriction to work in this ultrasonic burglar alarm — the first ever to be approved by The Underwriters' Laboratories—wasn't an overnight job. It was twelve years ago that the inventor made his first experiments.

The search for a material with necessary magnetostrictive properties ended when he came to Inco — for nickel proved to be the material he was seeking.

And, as it turned out, he got more than a metal from Inco . . .

In the years that have passed, he has found Inco always ready to help in supplying information on the physical and mechanical properties of Inco Nickel Alloys and other metals . . . on the technical aspects of magnetostriction . . . and on questions involving metal fabrication.

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of these conditions may indicate nearby underground water.

• **Testing**—Once you locate these layers, says Shufflebarger, you can get a pretty good idea of the water supply by testing the permeability of the sand. To do this, you drive a pipe into the ground and bring up a sample of sand. You put this into a container and put water to it under pressure to see at what rate the water flows through. From that, you can estimate the rate of flow per foot of sand, and check the area to see how many acres of land you would have to draw water from. Then you can compute the amount of water in acre feet. (That's one acre horizontally and 1 ft. vertically.)

To get the best test of the rate of flow, however, you put in a test hole. That is, dig a well and surround it with six to 12 observation wells at varying angles and distances from the test hole. Then you rig a pump to the test hole and start pumping. Special instruments are used to correlate the rise and fall of the water to your underground water table. As you pump, you take regular readings on the observation wells. These readings show how the water table is drawn down in a "cone of depression." For instance, in a given interval, the water in one observation well might go down 3 in., while one farther away from the test hole might go down an inch, and one at the far edge might be down a quarter of an inch. That would show the "cone of depression."

• **On the Side**—Along with his search for water, Shufflebarger is making a study of local soil conditions. Some types of soil conduct electricity readily, whether water is present or not. Other types offer a high resistance. Test holes are drilled to determine the nature of the earth at a check point. In ground that is normally nonconductive to electricity, a low resistance reading on the meter would indicate that water is present in the soil.

• **Bait for Industry**—When Southern Railway gets all this information correlated and charted, it will be able to give potential industries a detailed map from which they can pick the best spot to locate. For instance, a company that has a water requirement of 10,000 gal. per minute will know which sections of the states are its best bets; while a smaller company requiring only 1,000 gal. per minute will be guided to an area that can handle its needs.

Cost savings are another card up Southern's sleeve. The average cost of water from a filter plant is between 10¢ and 15¢ per 1,000 gal., while the average cost per 1,000 gal. from infiltration or a deep well is about 1¢. Also, the cost of installing an infiltration system is about one-tenth as much as for a filter plant.



BRAINARD WELDED TUBING

It has to be accurate

• Since welded steel tubing is formed from flat strip, the wall thickness must be uniform throughout. This advantage is so well recognized that tolerances for wall eccentricity are not commonly included in specifications.

Brainard welded steel tubing is an economical structural material, and it offers many such physical advantages. Can it cut costs or reduce weight in *your* product designs? For complete information write Brainard Steel Division, Dept. P-2, Griswold Street, Warren, Ohio. An integrated producer; offices throughout the U. S.

Brainard
SHARONSTEEL
STEEL DIVISION
SHARON STEEL CORPORATION

SOUND CONDITIONING



High light reflectivity is one of Travertone's features. In the manager's office, for example, Travertone helps spread light evenly, without annoying glare.



Travertone ceilings maintain proper acoustics in the directors' room, permitting meetings to be conducted easily and pleasantly.



In the main banking area of the Bayshore Federal Savings & Loan Association, Bayshore, Long Island, an attractive Travertone ceiling prevents the build-up of high noise levels and contributes to the bank's décor.

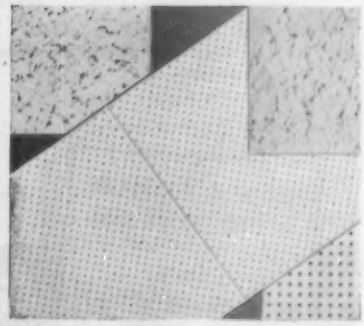
Savings Bank Invests in Quiet

Officers of the Bayshore Federal Savings & Loan Association decided to make their new building as efficient and handsome as possible. That's why ceilings of Armstrong's Travertone were chosen to sound condition both public areas and private offices. Today, this investment in restful quiet is paying big dividends in popularity with both customers and employees.

Travertone ceilings have proved a wise investment in more ways than one. They provide comfortable quiet in the main banking area, offices, lounge, employees' kitchen, and corridors. They also add distinctive beauty to the interior. The beautifully fissured surface of Armstrong's Travertone gives ceilings an attractive, marbleized appearance.

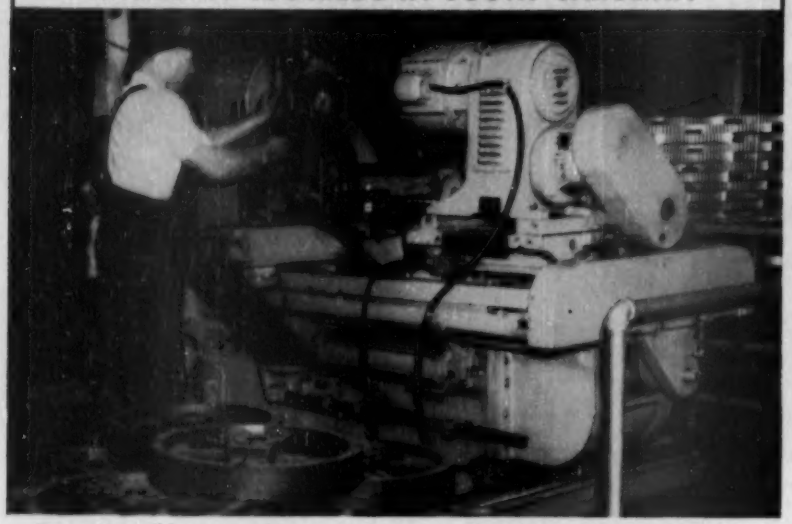
Easily installed by cementing, Travertone saves the cost of finish plastering and painting on new construction and speeds remodeling jobs. Maintenance is economical, too. And because of its inorganic mineral wool composition, Travertone is completely incombustible. It meets the strictest fire-safety regulations.

Travertone is one of Armstrong's complete line of acoustical materials. For detailed information on the most suitable materials for your requirements, call in your Armstrong Acoustical Contractor. He'll be glad to give you a job estimate with no obligation. For the free booklet, "How to Select an Acoustical Material," write Armstrong Cork Company, 4202 Indian Road, Lancaster, Pennsylvania.



ARMSTRONG'S ACOUSTICAL MATERIALS

INDUSTRY SUCCEEDS IN SOUTH CAROLINA



Operation of large machine tool in Draper's East Spartanburg, S.C. plant

"OUR $1,700,000 EXPANSION PROGRAM IN SOUTH CAROLINA *shows our continued confidence in operating successfully"*



says **Thomas H. West,** President
Draper Corporation

We have been manufacturing in South Carolina since 1937. The fact that recently we have completed a $1,700,000 expansion program is indicative of our continued confidence in the State, its people, its textile industry and our ability to operate there successfully."

LOCATE YOUR PLANT WITH THESE 8 ADVANTAGES

Happier, more productive employees
Cooperative State and Local Government
Nearness to markets
Mild climate
Wealth of natural resources
Abundance of water and power
Splendid transportation (land, sea, air)
Low construction costs

Your inquiry will be handled in confidence. Write, wire or telephone (LD 94) now.

L. W. Bishop, Director
Research, Planning & Development Board
Dept. BW-2 Columbia, South Carolina

BUSINESS FAILURES IN UNITED STATES, 1952
Dun & Bradstreet Magazine
United States 20.99 per 10,000
South Carolina 4.2 per 10,000

South Carolina

WHERE RESOURCES AND MARKETS MEET

Denver Figures

Businessmen and others start novel fact-gathering council to sharpen economic research as a growth tool.

Denver businessmen believe that when a city gets into a boom it needs to keep close tabs on itself, to know where it's going and where profit opportunities are opening up. They want the facts and figures in easy reach, and up to the minute—everything there is on such things as population and labor trends, business and industrial prospects—so their planning can keep pace with the upward surge (BW—Sep.19'53,p80).

That's why Denver is launching right now a new fact-and-figure setup—the Denver Economic Research Council—which its sponsors believe is much broader in scope than any community organization in the country. "Unique" is the word they use. It's a cooperative group of business, educational, and governmental organizations in the Denver area.

• **Wider and Deeper**—Not that Denver has been backward in economic research all these years. Its Chamber of Commerce has been collecting and printing data on bank clearings, postal receipts, etc. The Mountain States Telephone & Telegraph Co. has made a lot of community-growth studies in the area. The University of Denver's Bureau of Business Research has dug into housing and other matters. And the city government in the last year completed an elaborate over-all economic survey.

Despite all this information—or perhaps just because there's so much of it scattered about—the new council's backers see a big hole still to be plugged by such a central body. Denver University people say the council is the culmination of three years' effort for a centralized setup. The sponsors see a need for wider availability of data on Denver and Colorado that businessmen and others want, and for digging out facts that individuals or separate business firms would find it too much trouble or too costly to go after.

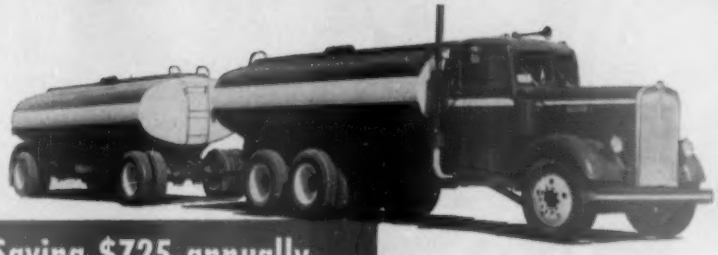
They have another angle, too. Some basic information, they say, has never been generally available in the city because businesses regard it as highly confidential. The telephone company's growth studies are one example of nonpublic data. But the council would receive and correlate confidential material without revealing the identity of the firms it comes from.

• **The Setup**—The Economic Research Council is designed to give the best and most complete service possible in statistical and economic research, for the

See how others are saving money

with equipment built of USS COR-TEN STEEL

The Beall Pipe and Tank Corporation used USS COR-TEN steel—in lighter gage—in place of regular carbon steel in the construction of this gasoline truck tank. The result: The over-all weight of the truck tank was reduced three-quarters of a ton—1500 pounds. The 242 gallons of gasoline that ride in place of the 1500 pounds of weight saved are hauled at no extra cost. Each of the free-riding gallons saves about $3.00 per year in delivery costs. A total annual saving of $725.



Saving $725 annually

Built by the Brown Steel Tank Company this tanker can carry 7,000 gallons of gasoline. If it had been built to the same over-all weight with ordinary steel, it could have carried only 6,845 gallons. In other words, 932 pounds of unneeded weight were trimmed off by COR-TEN steel construction and replaced by capacity for 155 extra gallons of gasoline. Figured at $3.00 per year delivery cost per gallon this extra capacity saves $465 annually



Saving $465 annually

Saving $1250 annually



2,600 pounds of deadweight were trimmed off this 10,000 gallon train because Butler Manufacturing selected USS COR-TEN steel for tank construction instead of regular carbon steel. When fully loaded this train weighs no more than if built the ordinary way—*but* it can carry an additional 420 gallons of gasoline, which at $3.00 per gallon yearly delivery cost means a total annual saving of $1250.

You can get *cost-saving benefits* like these in your equipment, too!

By building lighter with USS COR-TEN steel, you can obtain increased capacity without increasing loaded weight. The extra steel poundage required in ordinary construction is traded for additional pounds of payload. If preferred, however, the capacity you would have in a unit built the ordinary way can be maintained, and both deadweight and loaded weight reduced.

COR-TEN steel-built tankers also require less maintenance and last longer, because USS COR-TEN steel has a 50% higher yield point than carbon steel . . . gives 4 to 6 times the resistance to atmospheric corrosion . . . and offers higher resistance to load surge and road vibration.

For more information get in touch with our nearest district office.

UNITED STATES STEEL CORPORATION, PITTSBURGH • AMERICAN STEEL & WIRE DIVISION, CLEVELAND • COLUMBIA-GENEVA STEEL DIVISION, SAN FRANCISCO
NATIONAL TUBE DIVISION, PITTSBURGH • TENNESSEE COAL & IRON DIVISION, FAIRFIELD, ALA. • UNITED STATES STEEL SUPPLY DIVISION, WAREHOUSE DISTRIBUTORS
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USS COR-TEN High Strength STEEL

USS

3-2277

UNITED STATES STEEL

Rockwell Report



by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

IN MANUFACTURING OPERATIONS, there is a constant drive to keep the costs of raw materials, direct labor and overhead in line so that the finished product can be sold competitively at a profit. Those, however, aren't the only costs that affect price and profits. An example is shipping costs, which like most things, have gone steadily upward in recent years. So that we will buy transportation as carefully as we buy material, we operate a central or home-office traffic department with a trained traffic manager at each plant as well.

It's our opinion that few men can earn their keep so quickly as a good traffic man. Traffic control involves a lot of different functions—routing shipments for greatest economy, checking bills, processing unavoidable claims, advising plant managers on safe and low-cost packaging and crating, etc.

In our company, the traffic department is expected to concern itself not only with out-bound shipments, but with in-bound shipments as well, even when the transportation costs are not added directly to the material costs.

Our traffic department is expected to help our suppliers ship to us with greatest safety and economy, too, since all costs finally must be included in the selling price. This cooperation on transportation has been particularly useful to some of our small vendors who can't afford full time traffic men of their own.

* * *

The advantage of making two different, though related, product lines to serve the same industry sometimes translates into better, more useful applications for both. A case in point is the union between our Rockwell-Nordstrom valves and Rockwell orifice meters. Taking an automatic cylinder-operated Nordstrom valve as a cue, our engineers developed a simple valve-actuating mechanism for the meter. Now when the capacity of a single meter has been reached, the differential controller, as it is known, automatically opens the valve and diverts the excess flow through a second meter, thereby assuring the highest accuracy in measurement for all rates of flow.

* * *

Sometimes, inadvertently, a name is dropped from the list of over 14,000 who receive THE WATER JOURNAL, a magazine our Water Meter Division publishes six times a year for men in the water and sewage treatment field. Readers usually tell us about such omissions very quickly—and that kind of acceptance is encouraging. We think it is because we take considerable pains to keep the editorial content authentic and helpful. Water commissioners of three major cities, for instance, are current contributors, writing constructively about problems common to others in their industry.

* * *

Interesting facts about Rockwell—The opening of the addition to our gas meter plant at DuBois, Pa., makes that city the nation's largest gas meter manufacturing center . . . Taxicab rate changes in various cities are emphasizing the need for more accurate fare recording equipment. A recent rate change in one city resulted in a total of 200 Rockwell-Ohmer taximeters being ordered by the three largest cab companies operating there . . . Managers of two of our rather recently opened plants have been honored by business groups in their localities: one has been named to the 16-man board of his state's Manufacturers Association, and the other appointed a Director of the local Chamber of Commerce. There is satisfaction in knowing that we are considered good neighbors in the places where we do business . . . The 25,000 square-foot addition to our Norwalk, Ohio, plant is practically complete and should be ready soon for production of balanced gas valve regulators.

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.
for its customers, suppliers, employees, stockholders, and other friends

benefit of its members and the community at large. The initial budget, calculated at $16,500 to $20,000, is being met by the sponsors—who include some of the top names in the Denver business world.

The service will be sold on a subscription basis, and the subscription revenues will permit the sponsors either to save a part of their initial outlay or to expand the work. The council, of course, is a nonprofit body.

Each subscriber will get (1) a monthly business and economic digest covering all fields; (2) quarterly special reports taking up in rotation housing, transportation, population trends by areas, and an annual survey of business and economic activity; (3) the right to the use of nonconfidential data in the files together with "limited time" of staff members in digging it out; and (4) the right of limited free consultation with staffers.

The council will not, however, do special jobs for single members.

• **Blue Ribbon**—Who are the men behind this fact-and-figure project? The top-level business and industry sponsors include John E. Loiseau, president of Public Service Co. of Colorado; Walter K. Koch, president of the Mountain States Telephone & Telegraph Co.; Adolph Kinsmiller, president of the American National Bank; and Aksel Nielsen, president of the Title Guaranty Co. and of the Denver Chamber of Commerce.

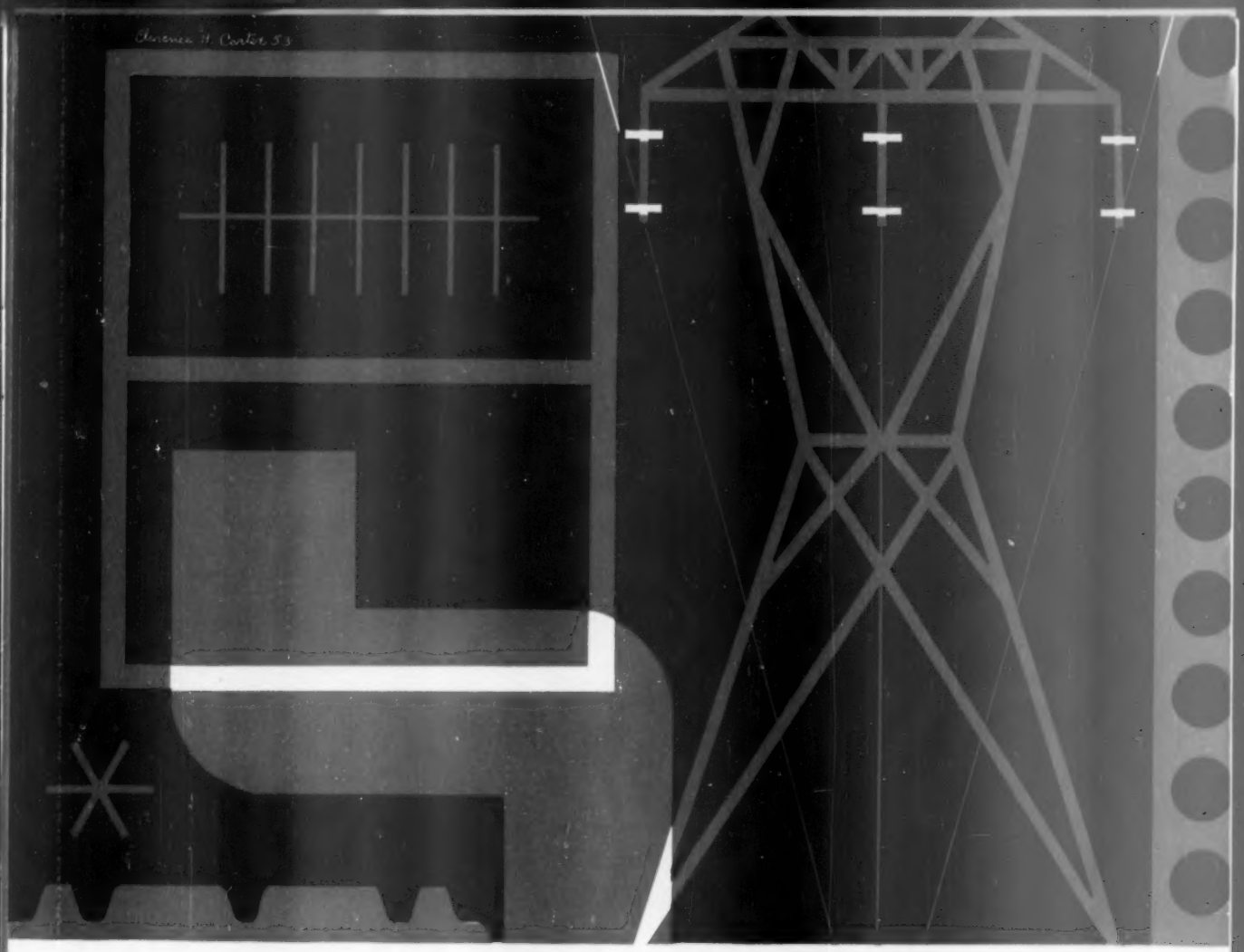
Then there's John Gates of Gates Rubber Co.; Frank J. Johns, president of Denver Dry Goods Co.; Emmett Heitler of Shwayder Bros., Inc., manufacturers; and Arthur G. Rydstrom of Webb & Knapp, Inc.

Nonbusiness sponsors include Denver's Mayor Quigg Newton; Chester M. Alter, chancellor of the University of Denver; and Robert L. Stearns, Boettcher Foundation president.

• **How and What**—The advantages for the university and the city are obvious. Business leaders hope to get for their companies more detailed statistical data than each could get by itself—for example, an analysis of differing rates of growth in, say, manufacturing and wholesale trade.

The council will build on earlier studies, mainly the city survey. It will have its own files and staff, with access to the city planning bureau and research departments of members, but actual research will be done under contract by the University of Denver's Bureau of Business Research, headed by Dr. F. L. Carmichael.

With a long-delayed building boom under way in Denver, council backers think a lot of people are going to want the sort of thing it can give them. Some see a research boom coming in Denver, too.



Aluminum . . . *and The National City Bank of New York*

It has come from an emperor's table to yours on a flood of electricity

Aluminum is the most abundant metallic element in the earth's crust. Yet for many years after it was first extracted in 1825 it was so hard to refine that it cost more than gold. In fact, Napoleon III served his most important guests on plates of aluminum, rather than of gold, silver or porcelain; and leading Fifth Avenue jewelers displayed bits of aluminum in their windows.

Today, aluminum is the world's second metal in volume (cubic feet), and fifth in tonnage, being outranked only by steel, copper, lead and zinc. In the last forty years, North American production has expanded over ninety times, from 21,500 tons in 1910 to 1,980,000 tons in 1953!

Key to this phenomenal growth was the discovery in 1886 of an electrolytic method for refining aluminum. This process requires ten kilowatt hours of electricity to produce one pound, earning for aluminum the title of "packaged electric power"! Aluminum's broadening use in transportation, in home building and other construction, in household appliances, and on the farms and throughout industry adds to the comfort, economy and convenience of our daily life.

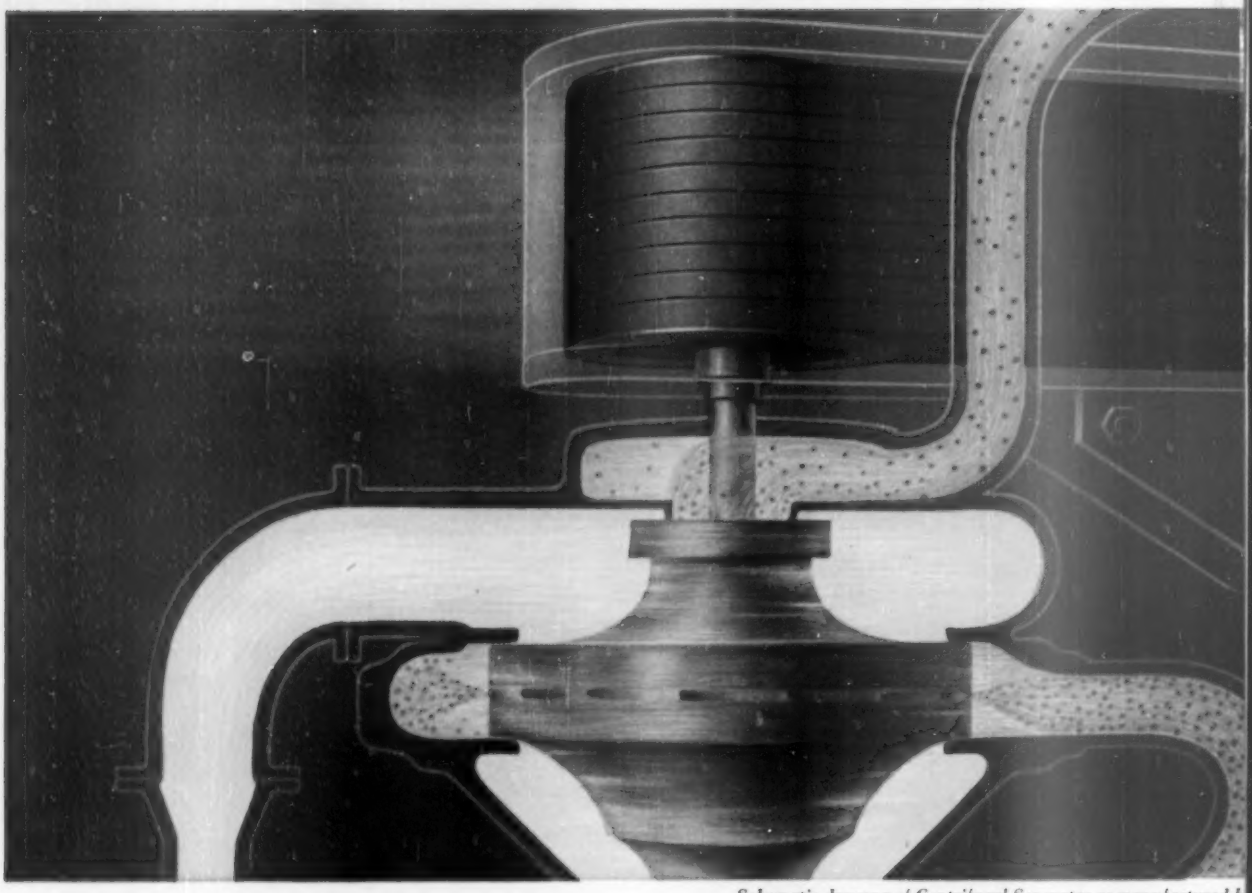
National City provides banking services for aluminum producers and fabricators, as for all elements of American business. Our officers are fitted by training and experience to help you with your varied business problems as well as to take care of your day-to-day banking needs.

When you make National City "your bankers," you draw on world-wide facilities and on more than 140 years of banking experience. In this country we have correspondent banks in every state, and 69 Branches in Greater New York. To serve you overseas, we have 57 Branches and correspondent banks in every commercially important city of the free world. For more about the advantages of serving the world with one bank account, write:

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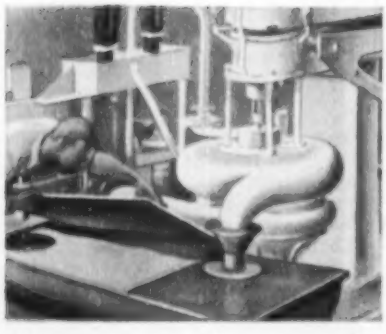
First in World Wide Banking



Schematic drawing of Centrifugal Separator as manufactured b

They take the starch out

at 8800 feet per minute



Mechanical whirling dervishes that develop tremendous forces are the continuous centrifuges used to separate the starch and gluten extracted from corn in the wet milling process. These powerful machines are five-ton versions of the small laboratory centrifuge you may have used in college chemistry.

More than mile-a-minute speeds are applied to precisely machined rotors to produce a force equal to 4000 times the pull of gravity. This literally throws the starch particles out of the suspension. And it gives a greater yield of higher quality starch in much less time, much less floor space, than the old settling table method.

Stumbling block for the designers of these separators arose in the drive. They needed a drive that could handle the extremely high speeds and heavy loads without vibration and with a minimum of noise. Limited space was an added restriction. V-belts seemed to hold the answer. But all the ordinary belts they tried failed through stretching, slipping

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every Sunday—ABC Radio Network
THE GOODYEAR TELEVISION PLAYHOUSE
every other Sunday—NBC TV Network

GOOD

THE GREATEST



Merco Centrifugal Company, San Francisco, California

of corn

or scorching in as little as a few hours.

What to do? The engineers were stopped. Finally, they sent for the G.T.M. — Goodyear Technical Man. He listened to the problem. He studied the drive — and specified a set of ten Steel Cable V-Belts to be X-rayed and specially matched under actual operating conditions. These smooth Goodyear belts, sinewed with airplane-type steel cables, proved the answer—are now standard equipment on the high-speed machines produced.

Driving problems you may have can be similarly solved by the G.T.M. His thorough knowledge of drive design and V-belts results in better drives for all types of equipment. You'll also find he can get the most out of rubber in every imaginable industrial use. You can contact him through your Goodyear Distributor or by writing Goodyear, Industrial Products Division, Akron 16, Ohio.

YEAR

AME IN RUBBER

YOUR GOODYEAR DISTRIBUTOR *can quickly supply you with Hose, Flat Belts, V-Belts, Packing or Rolls. Look for him in the yellow pages of your Telephone Directory under "Rubber Products" or "Rubber Goods."*



Potash Mining

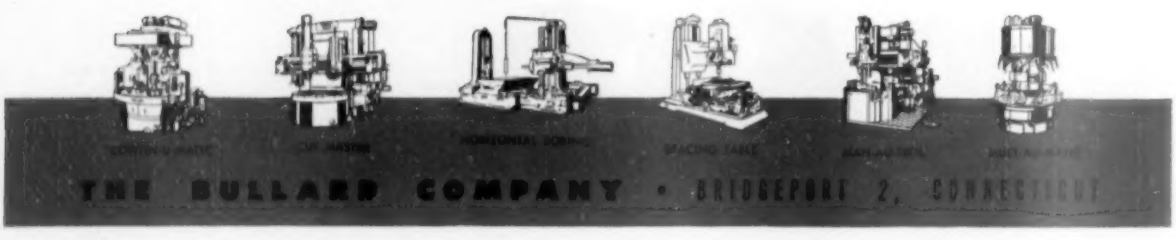
FPG Photo

BULLARD

The Invisible Background of Industrial Progress

Potash is a well-known ingredient contained in most commercial chemical fertilizers in use today. Modern agricultural methods prescribe that, to insure farmers a good yield of higher quality produce, it is necessary to replace the loss of basic natural chemicals by means of fertilization. Potash is especially important and necessary in those areas where cotton, tobacco, corn and potatoes are the main crop.

Modern equipment, needed to mine, handle and transport such materials to the consumer at an equitable price, are basically a product of *Modern Machine Tools* — those tools essential in "The Invisible Background of Industrial Progress."



REGIONS BRIEFS

Beware! If someone offers to sell you a piece of used border—international border, that is—don't buy it; it's probably "hot." The westernmost five miles or so of the U. S.-Mexico border—from the Pacific Ocean to the Tia Juana River—is protected by a barbed-wire fence. The other night, somebody started at the ocean, rolled up as much of the fence as he could load in a Jeep, and carted it away.

•

Tax items: Massachusetts has cut its normal individual income tax by 25% for this year only. The surtax is not affected, which means the average saving will be 20.3%. . . . **Pittsburgh** taxpayers, still getting used to the new 1% state sales tax (BW—Jul.25'53,p144), will pay a 1% city wage tax, too, starting Mar. 1. Modeled after the long-time Philadelphia wage tax, it applies to anyone who earns money in Pittsburgh, resident or nonresident. . . . A 1¢-a-bottle tax on soft drinks has been suggested in **Virginia** as a means of raising $5-million a year for "desperately needed" hospitals.

•

Who should control parking along the portions of trunkline highways within city borders, the city or the state? In Michigan, it's the state, according to a recent state supreme court decision. The case involved parking on part of U. S. 16 in East Lansing.

•

Pennsylvania will break ground early next month for its $200-million 100-mi. Philadelphia-to-Scranton turnpike extension. The 33-mi. link from the present eastern terminus at King of Prussia to the Delaware River, now under construction, will be completed in October. This segment will link up with the New Jersey Turnpike when a new bridge across the Delaware is completed.

•

To speed up turnover of curbside parkers, Rochester is boosting the hourly charge for meters on congested downtown streets from 5¢ to 10¢. These meters will also sell a half hour's parking for a nickel. The remaining 5¢ meters are being fixed to sell 12 minutes' worth for a penny.

•

Final reports show that Hawaii raised an all-time-record raw sugar crop of 1,099,083 tons in 1953. Previous record was 1,063,605 tons in the 1933 crop year. Last year's crop required 25% less land and 50% fewer employees than the crop of 20 years ago.



This specialized Pittsburgh brush solved Wheeling Steel's cleaning problem—saved money and boosted quality as well as increased production!

Problem:
How to be tough and soft at the same time!

That was the problem presented to the Pittsburgh Plate Glass Company by the Steelcrete Division of Wheeling Steel, Beech Bottom, W. Va.—and it required a specialized Pittsburgh brush to solve it!

Large sheets of expanded metal had to be cleaned without impairing the surface texture, yet the brush had to cut through tough scale and remove burrs. A special steel wire was chosen, made up into brushes, and applied to the problem. Result? Combining the right amounts of toughness AND softness, the brush completely eliminated burrs in a matter of minutes, leaving the face of the metal unharmed. Moreover, cleaning is quicker and costs less than with other brushes!



WRITE TODAY for your free copy of our new booklet that shows, through actual case histories, how Pittsburgh can help cut *your* brushing costs. Address: Pittsburgh Plate Glass Co., *Brush Div.*, Dept. W-1, 3221 Frederick Ave., Baltimore 29, Md.

PITTSBURGH *Power Driven* BRUSHES

BRUSHES • PAINTS • GLASS • CHEMICALS • PLASTICS • FIBER GLASS

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COMPANIES



TOURNATRAIN hauls supplies anywhere, scorns roads. Once just an experiment of R. G.

A Job for Educated



MOW IT DOWN First step in clearing a jungle area calls for the 23-ton Tournasaw. While 72-in. blade bites through, telescoping boom directs tree's fall. Weird machine can shamble along at 5 mph.



LeTourneau, Inc., it's now a serious-minded machine with a future in land-clearing:

Monsters

(Story continues on page 104)



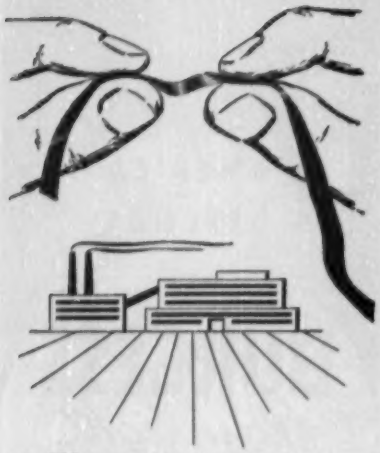
CART IT AWAY Duck Crane, probably LeTourneau's ugliest monster, takes over next. Like other monsters, it has electric controls and an electric motor for each wheel—allowing for easy, accurate handling.



CLEAN IT UP Special tractor pushes debris into piles for burning. Few manufacturers make special land-clearing machines like these; it's almost a virgin field. LeTourneau's next step is to develop a market for the machines.



this brain



will run your factory tomorrow

It's a versatile substance that will convert blueprints to machined contours—regulate process flows—and synchronize complex operations. By serving countless "memory" and "thinking" functions, it makes possible the **"AUTOMATIC FACTORY OF THE FUTURE"**—the factory that will meet the price and quality competition of tomorrow.

This "brain" substance is **MAGNETIC TAPE.** It can remember numbers, dimensions, contours, temperatures, pressures, operational sequences, or practically any "intelligence" that is convertible to electrical impulses and amplitudes. With this remembered information it can activate and control any desired mechanical response. Its applications to "automation" are limitless.

Machines and controls that respond to tape signals are being developed by the major electrical manufacturing corporations in the U.S. The tape devices themselves—for audio, data and control purposes are a specialty of the Ampex Corporation, acknowledged leader in magnetic tape technology. For more information about this new and rapidly growing field, write today to Department S-1275

AMPEX
CORPORATION
934 CHARTER STREET
REDWOOD CITY, CALIFORNIA



R. G. LETOURNEAU divides his time between inventing (page 102) and religion.

(Story starts on page 102)

LAST SPRING, a subsidiary of Westinghouse Air Brake Co. extracted $31-million from its wallet and took title to the earth-moving business of R. G. LeTourneau, Inc. The deal was a natural for both parties.

Westinghouse got much of the equipment, personnel, and experience of a very big, very lively outfit. It got an important contribution to its long-range diversification program. And it got a promise that LeTourneau—potentially a ferocious competitor—would stay out of the earth-moving business for five years.

What did LeTourneau get? For one thing, the $31-million. It used the money to pay off some loans, retire all its outstanding preferred stock, buy 82,000 shares from its common stockholders, invest in government and other securities, and—in general—make its balance sheet read like poetry. Further, it retained (1) 40% of its manufacturing facilities, and (2) the spectacular inventive and engineering genius of its founder and president, R. G. LeTourneau (above).

Above all, it got a chance to make a fresh start. It got a chance to concentrate its efforts in a field that R. G. LeTourneau had dreamed of and experimented with for years: land-clearing.

• **Monsters**—Those huge, ugly, nightmarish machines pictured on pages 102 and 103 are not weapons of interplanetary warfare, photographed on Mars. They're land-clearing machines, and they actually exist on the Earth—though it's true they look like nothing else on it. Not only do they exist; they're starting work right now in the jungles of Peru and Liberia. They're clearing the way for big-scale development and colonization programs—a phase of LeTourneau's operations that has been getting a good deal of newspaper publicity during the past year.

LeTourneau himself loves his machines in two ways. As an engineer, he loves them simply because they're machines; and he'd probably look on them with affection even if they weren't practical. But they are practical, and —as a company president—he loves them dearly for that.

Most land-clearing today, he says, is done by earth-moving equipment in conjunction with a hodgepodge of other machines. As he sees it, this is like sending a boy to do a man's job. Land-clearing is not merely an extension of earth-moving. Land-clearing involves leveling off forests and jungles. It involves cutting down and carting away trees and tangled brush. Unlike earth-moving, it can seldom count on the help of good roads or even semi-passable dirt tracks. It requires big, rugged, specialized machines.

• **Specialists**—A look at the pictures will show you the results of that philosophy.

The Tournatrain is designed to get through roadless jungles, deserts, and mountain ranges, carrying supplies and equipment. The Tournasaw specializes in cutting down trees, and can level a pretty thick forest at a rate of two or three acres an hour. The Duck Crane, which LeTourneau designed primarily for the logging industry, is an expert at getting the Tournasaw's debris out of the way. The land-clearing tractor clears up brush and small timbers, pushes the rubbish into neat piles for burning.

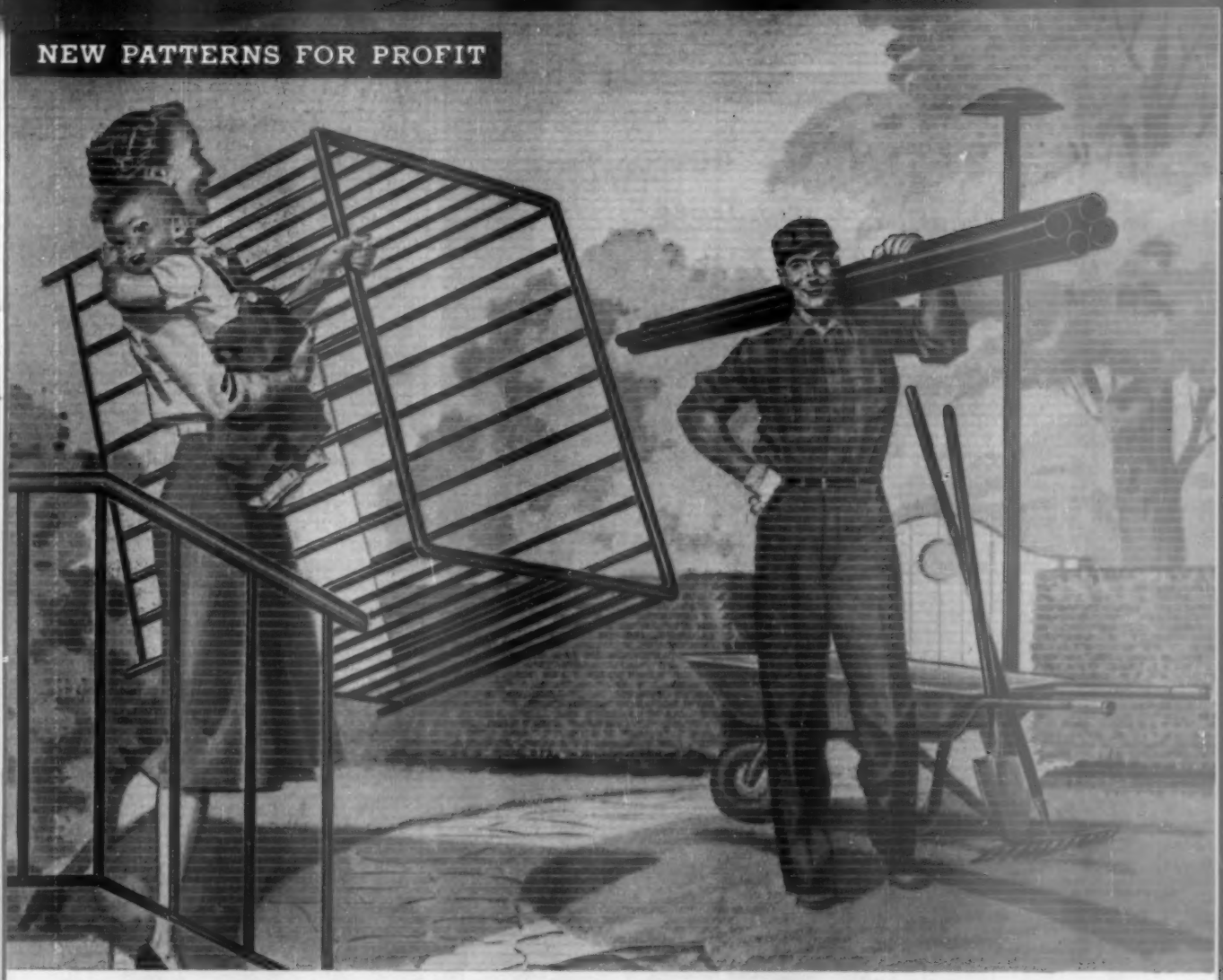
LeTourneau's company has been experimenting with these machines since 1941, largely on a 12,000-acre tract at Longview, Tex. (BW—Jul.26'52,p59). Until the Westinghouse deal came along last spring, the company's time and money were pretty much monopolized by the earth-moving business; and land-clearing remained little more than an experiment. Now, ready to go into land-clearing in a big way, LeTourneau's outfit sees a wide-open future before it.

Land-clearing is almost a virgin field. LeTourneau views it as a tremendous opportunity. There are vast expanses of forest and jungle throughout the world, practically useless now but bursting with potential for development. LeTourneau figures that much of this land would have been cleared long ago if the work hadn't been so difficult and costly. His machines, he firmly believes, are the answer.

I. Churchly Engineers

LeTourneau is known in and out of the earth-moving trade as a man of considerable, if unorthodox, engineering talent. At 65, he has over 300 patents to his name. His inventions are not confined to the fields of earth-moving and land-clearing; in fact, he'll tackle almost any engineering problem

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MEMO

To Engineering Executives

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Technical Survey to investigate objectively user and functional requirements and competition.

Research and Development to establish fundamental functional layout.

Design Engineering to meet performance, size, weight, appearance and cost requirements.

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PLANNED DFI PRODUCTS

"... bigger than it ought to be, or—indeed—could possibly be ..."

LETOURNEAU starts on p. 102

that comes along. If his invention works, chances are his company will go into the business of producing and selling it.

For instance, he has developed a small cargo ship with three keels. The keels make the ship more stable, and provide a sort of tunnel for each propeller—theoretically increasing the propeller's efficiency. He has also developed a huge aluminum building, shaped like a teacup turned upside-down, that stands without any internal framework. Though it's 85 ft. high, it's built in such a way that not a single workman has to leave the ground. It's put together from the top down, and the whole thing is gradually hoisted up a center pole as the work continues. LeTourneau hopes to go into business with both the ship and the building.

• **Specialty**—LeTourneau's pride and joy, however, is still his parade of earth-moving and land-clearing innovations. Probably his earliest claim to fame arose from his campaign to put rubber tires on earth-moving vehicles. Tires can be only so tough, he was told, and only so big. LeTourneau believed none of this, and now blithely equips his heavy-duty monsters with tires 10 ft. high.

Almost everything LeTourneau makes seems a little bigger than it ought to be, or—indeed—could possibly be. While some manufacturers were trying to attract farmers with smaller work machines, LeTourneau's were getting bigger and bigger. They were also getting uglier. LeTourneau's designs are known for their lack of streamlining, styling, and eye-appeal. Confronted with this fact, LeTourneau snorts: "I build them to work, not to win style awards."

Some of his inventions have been known to do neither. At his company's Longview plant (it has another at Vicksburg, Miss.), there's an area called the "boneyard." Here are consigned the metallic remains of LeTourneau's less successful ideas.

• **The Company**—LeTourneau started his professional career as a welder, molder, electrician, and machinist. He organized his company formally in 1929, and since then hasn't let it relax for a moment.

The atmosphere in the executive offices is informal, but the pace is merciless. LeTourneau himself arrives at 7 or 8 in the morning, works through until suppertime, then goes back for more work later, and finally calls it a

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Friden builds calculators in a wide price range, in every size, for every figuring need

THE THINKING MACHINE OF AMERICAN BUSINESS



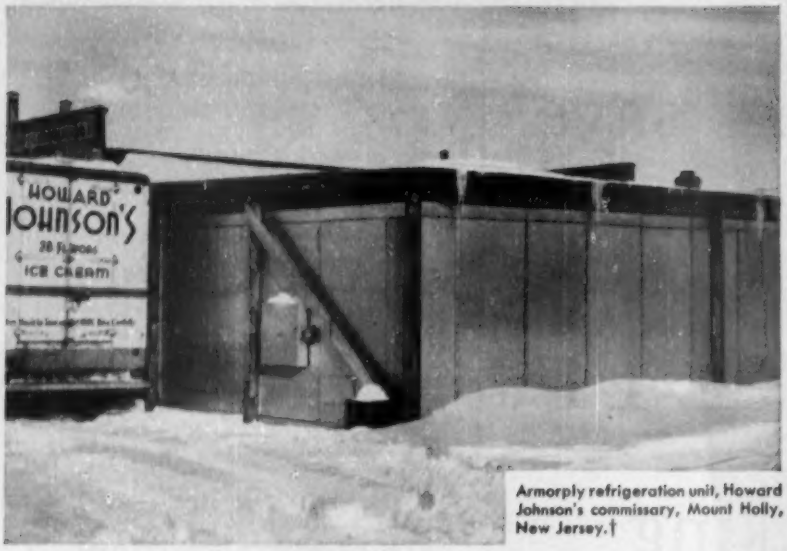
PLUMBERS

. . . speed out material and labor estimates with the fully automatic Friden Calculator, also compute and check invoices, do payroll calculations, short-cut many other plumbing figure problems. *Small shop operators as well as large contractors find it profitable to save time with the Friden!*

You find Fridens everywhere in business. Because the Friden performs more steps in figure-work *without operator decisions* than any other calculating machine ever developed. Each automatic Friden decision reduces business overhead costs by saving human time. It's likely your business can't afford NOT to own a Friden. See what you think when you see the Friden figure-think. Call in your nearby Friden Man and watch a demonstration! Friden sales, instruction and service available throughout the U.S. and the world.

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Armorply refrigeration unit, Howard Johnson's commissary, Mount Holly, New Jersey.†

Armorply helps Howard Johnson's serve you better—at less cost!

Armorply* (metal clad plywood) makes possible self-contained outdoor refrigeration unit—eliminates building expense.

One of the most welcome sights along any road is a Howard Johnson's Restaurant. Here in spotless surroundings are served the finest foods and most tempting refreshments.

Behind the scene it takes the right equipment to keep good things to eat at their best at all times.

That is why Howard Johnson's specified Armorply when it came time to install refrigerated storage facilities for their New Jersey Turnpike operations. *They saved too*, because an enclosed structure was not necessary. Armorply was used to form the modular panels which were then erected in a jiffy. The shed is simply for roof drainage.

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Armorply has passed every food keeping test. It's verminproof and easy to clean. It guards against heat and cold, it's impervious to extremes of weather.

That is why Armorply is also being widely used for food storage equipment in leading hotels, institutions, meat packing and freezing plants, bakeries, fisheries and dairies.

WHAT IS ARMORPLY? It's Weldwood Plywood in a variety of thicknesses to which metal has been permanently bonded on either or both sides. It has the advantage of being light in weight and easy to fabricate.

OTHER USES OF ARMORPLY. Manufacturers are enjoying savings by using Armorply in many ways: for truck bodies and floors, for pallets, elevator cabs, tote boxes, counter tops, pilferproof storerooms, and a host of other applications.

WHAT'S YOUR PROBLEM? Want to cut costs and speed production? Then contact the Armorply Division of the United States Plywood Corporation, or mail coupon.

†Installed by Annapolis Yacht Yard Inc., Annapolis, Md.
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New York 36, N. Y. BW-2-13-54

FREE: Please send me free sample of Armorply and descriptive literature. ☐
Please have a salesman call with full details. ☐

Name.....
Address.....
City.....State.....

". . . religion even pervades the plants where LeTourneau's monstrous machines are built . . ."

LETOURNEAU starts on p. 102

day at 10 or 11 p.m. He takes no vacations. Most of his top executives get into similar work patterns, though they aren't happy about it.

Further to speed things up, LeTourneau and his top men ride around the Longview plant on motor scooters instead of walking. And whenever anybody has any distance to travel away from the plant, he takes a plane.

• **The Church**—There's another element to the company's personality—perhaps the strongest element of all. It's a deep undertone of religion. LeTourneau mixes business and religion to a great extent, dives into religious projects enthusiastically.

Some 78% of his company's stock is owned by the LeTourneau Foundation, set up in 1935. It finances all sorts of religious projects—missionary work, religious schools, and the like. It also helps support the LeTourneau Technical Institute at Longview, a degree-granting college with about 500 students. Emphasis at the institute is on mechanical and religious training. Quite naturally, the college provides a steady stream of bright young men for LeTourneau's plants.

One of LeTourneau's inventions—the teacup-shaped aluminum building—came into being because of this religious bent. One of LeTourneau's friends is Rev. Billy Graham, well-known traveling preacher. Rev. Graham needed an auditorium in which to address London audiences, and LeTourneau designed the aluminum teacup for that express purpose. The arrangements fell through, however, and the teacup was built at Longview.

Religion even pervades the plants where LeTourneau's monstrous machines are built. Religious services are held on company time at least once a week. And both plants have their own chaplains.

II. Foreign Operations

LeTourneau's religious feelings are largely responsible for the gigantic land-clearing and colonization projects he now has under way in Liberia and Peru. Technically, these projects are sponsored by the LeTourneau Institute; but it's hard to separate the institute's activities from those of the foundation, or the foundation's from those of the company. In the last analysis, all three are directed by LeTourneau himself.

• **Projects**—The Liberian project got



Cry in the night

Out of the night it comes . . . insistent, persistent, demanding. Out of the small room across the hall, from a small boy who should be sleeping there . . . "Daddy, I want a drink of water."

Small boys aren't the only ones that cry for water. Cities cry for it, too. And industries. And the engineer brings it to them . . . by building dams and creating lakes . . . by constructing conduits, aqueducts, pipe lines, tunnels . . . by designing waterworks, filter plants, pumping stations.

Today, through the skill of the engineer, the desert is being made to blossom like the rose, cities are given a new lease on life, industries are given a chance to grow and expand.

In large measure, the pace of man's progress is set by the contributions of the engineer . . . this man to whom nothing is fantastic, nothing impossible. The engineer never asks, "*Can* it be done?"; he knows that it can. His only questions are: "How best? How much? How soon?". In finding his answers, the engineer clears the path for cooperation between owner, contractor and financier . . . and builds a foundation of knowledge that allows the creation of another modern miracle.

Ever the creator and builder, the engineer flourishes best in the fertile soil of free enterprise. Unhampered by artificial horizons imposed by the ideology of political dictators, he adds accomplishment to accomplishment to help make man's life more productive, more enjoyable, more safe.

Gannett Fleming Corddry and Carpenter, Inc.

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MANUFACTURERS OF SURFACE GRINDERS, CUTTER AND TOOL GRINDERS, TAP AND DRILL GRINDERS.

GALLMEYER & LIVINGSTON
PRECISION BEYOND QUESTION

"... they had to be as familiar with the Bible as with the engineers' manual ..."

LETOURNEAU starts on p. 102

started in 1952. LeTourneau worked out a deal with Liberian officials whereby he would lease half a million acres of land near Baffu Bay, clear it, and develop it for the natives.

He has already sent over several boatloads of equipment and a crew of technicians. He chose the men carefully; they had to be as familiar with the Bible as with the engineers' manual. In between their technical duties, they'll do some missionary work. Progress so far: a sizable dent in the jungle and a village (largely of prefabricated houses) named Tournata.

The Peruvian project started in June of last year, when LeTourneau signed an agreement with Manuel A. Odria, Peru's president. LeTourneau gets the right to clear and colonize roughly a million acres of jungle; in return, he'll build some roads for the government.

• **Payoff**—LeTourneau figures the two projects have cost him $1-million so far. What will he get out of them?

In the first place, the two jungle areas will be—in effect—show places for his machines. LeTourneau's operations in Liberia and Peru have made headlines already, and undoubtedly will continue to do so. The jungles will give LeTourneau an opportunity to demonstrate the feasibility of his land-clearing ideas on a grand scale. It'll be top-notch advertising.

Second, the two projects may pave the way for more—sponsored and financed by others than LeTourneau. If he proves a jungle area can be developed successfully, governments and other private interests may go to work on their own. All this will mean an expanding market for LeTourneau's land-clearing equipment.

• **Development**—LeTourneau has hopes, also, of developing manufacturing facilities in these cleared-out areas. He doesn't think it's practical to set up complete factories; the natives would hardly be able to compete with skilled U.S. workers. But he does think it's practical for the natives to make component parts of larger pieces of equipment, to be assembled in the U.S. He has already set up a plant in Liberia to make axles, and one in Peru to make a certain type of gear.

Before he attacks that project on a really big scale, though, he'll concentrate on helping the backward areas produce enough food to support themselves comfortably. "There's no sense teaching a man to operate machinery," he says, "if he's starving to death."

BUSINESS IN MOTION

To our Colleagues in American Business . . .

About a year ago the president of a great electrical company wrote to his stockholders: "It is probable that in the next ten years as much electrical equipment will be built, sold and installed as has been built and installed in the industry's past 75-year history . . . In fact, the electrical industry must be prepared to grow more than twice as fast as the remainder of the economy." Recent figures forecast confirmation of his amazing prediction. Construction of new electrical facilities during 1953 exceeded $4 billion, according to reports from utilities operating 92% of the country's capacity and serving 83% of electric customers. Charts of generating capacity and consumption continue to show large increases. Spectacular growth continues, not only in ability to produce electricity, but to transmit and use it.



Edison wanted to make an electric light, but this was not the only project that interested inventors and investors, who saw in electricity not only light, but a new source of energy to serve in a multitude of ways. That energy, in a space of time that is short relative to industrial history, has substituted individual motors for belts, taken burdens off muscles and put them on armatures, and brought new efficiency to the home, the factory, to transportation, to communication, to so many of man's activities around the clock. Electricity, once a marvel, has become a servant which daily finds new duties to perform, greater power of accomplishment, and new ways to do its tasks better.

Revere has contributed, and continues to contribute, to the growth and prosperity of the electrical industry and all its customers and owners. The Revere mills have increased their production capacities, but that is not all, because we do much more than turn out fine mill products. Through the Technical Advisory Service, the Research Department, and the sales staff, we also give special collaboration to generating stations and manufacturers of apparatus and appliances, indeed to all who seek to make the best possible use of the Revere Metals.

Those metals include both copper and aluminum, each having its own characteristics and advantages. Air conditioners often use Revere Copper Tubes with Revere Aluminum Fins, for example. Vacuum cleaners use Revere Electric Welded Steel Tube for handles and other parts. Motors and generators, large and small, for home, office and factory use commutator copper. Switch bar, bus bar, extruded shapes, forgings, are other forms produced by Revere for the electrical industry.

When you push a button or throw a switch, remember that you call into service not only the electric company, but many other companies, perhaps including Revere, which had a part in creating the devices through which electricity is enabled to serve you.

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From all over the country come reports of unmatched writing performance like these:

Secretary to a budget engineer:
"Silk Gauze outwears by three times any ribbon previously used."

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"Silk Gauze is definitely superior."

Lint free pure silk and an exclusive fluid inking process are combined to give Silk Gauze Ribbons their exceptional durability and exquisitely fine impression. Here's the ribbon for the executive secretary, or for anyone who wants sharp, clean, beautiful typing.

Your local Columbia Ribbon and Carbon dealer will be glad to show you that Silk Gauze Ribbons, because of their quality, are an economical buy. Why not phone him now? Also, we'd like to send you a free copy of the Columbia illustrated reference book for ribbon and carbon users.



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Send the ribbon and carbon reference book.

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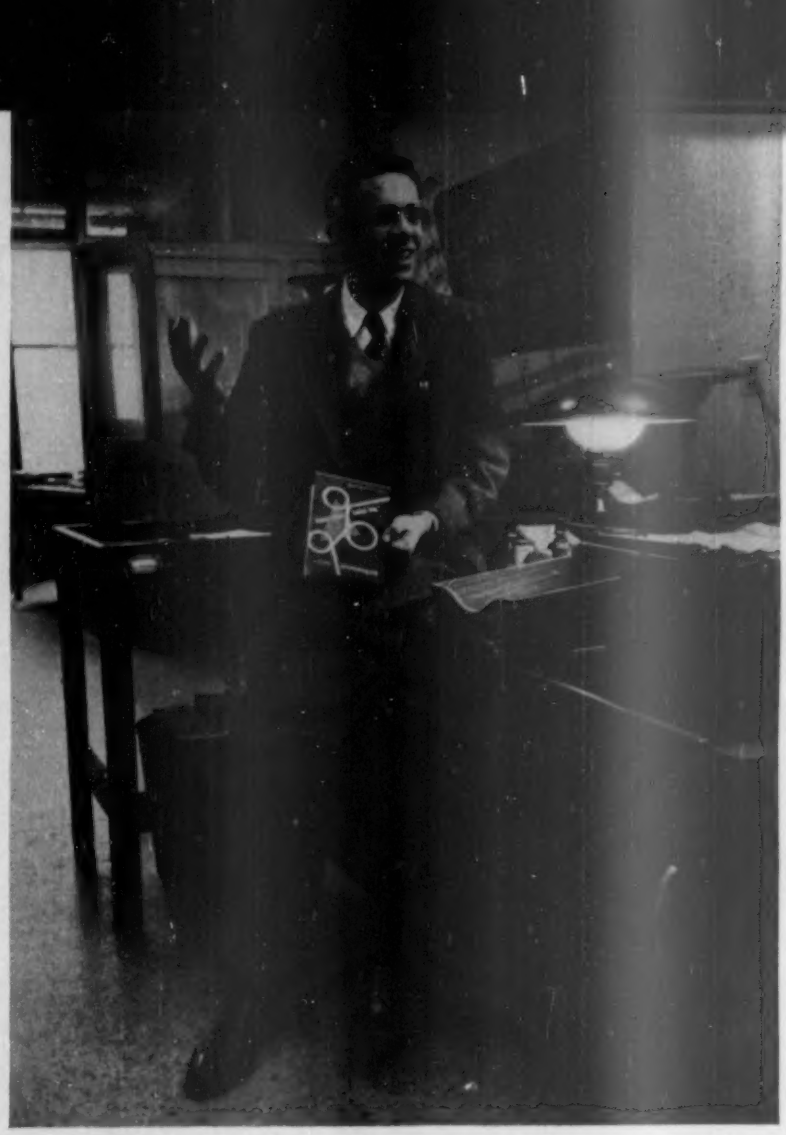
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WILLIAM SCHWANN is the creator of the smash-hit monthly record catalog that's . . .

Unscrambling the LP Mess

Every month the burgeoning long-playing record industry—already grown to over 200 manufacturers—pours something like 300 new LPs onto retailers' shelves. That brings the total of all LPs available to a current figure of around 9,000 different records, an array big enough and complex enough to befuddle both the retailer and the LP enthusiast.

Five years ago, in a fit of frustration, William Schwann, of Boston, decided to unscramble the fast-developing mess by combining a flock of manufacturers' catalogs into one neat and simple parcel listing every LP on the market. The enthusiasm that greeted the monthly Schwann Long Playing Record Catalog volted sales from 5,000 copies for the first issue in 1949 to an average of 125,000 today—hitting just about every LP shop in the country.

In fact, the catalog has become such a vital sales tool for 3,000 retailers in 1,100 U. S. cities and 34 foreign countries that Schwann felt no trepidation recently when he slated a price rise: Starting with the March issue, Schwann's will sell for 15¢ instead of 10¢.

• **Everybody Gains**—It's easy to see why Schwann is confident that few stores will balk at the extra nickel; just about everyone in the LP swim gains something from the little booklet. The retailer who formerly wallowed through maybe 15 separate manufacturers' catalogs to answer customer requests now thumbs through Schwann's in a matter of seconds. The customer finds it an invaluable crutch for finding what he wants, and he gets the best end of the bargain because most stores hand out the catalog free. It's also a boon for the record makers who get their names and their line across to the public. Schwann goes so far as to say that most of the 150 or so small record companies, which can't afford advertising, would not exist without his catalog. The majority of



How many times can you multiply 29,000 dollars?

A little over a year ago, POWER published a story about a tired, old, worn-out pump, its usefulness very nearly destroyed by erosion of its innards.

But an ingenious new process – coating metal with neoprene – saved it, restored the old pump's efficiency and put it back on the job. The coating cost $1,000. A new pump would have cost $30,000. So the owner saved $29,000.

The firm that did that job got a lot of mail (and a lot of business) after that story ran in POWER. Inquiries came from all over the world. They're *still* coming.

This, however, is not the point.

What we'd like to remind you of is: Showing power engineers how to save $29,000 by reconditioning a pump is but one small item in one issue of a great industrial magazine. How many times would you have to multiply 29,000, to measure the bedrock, money-saving contribution made to industry by business publications?

Chances are the man in charge of your power services reads POWER.

He may have ideas now on how modernizing or reconditioning in your power plant can cut costs and promote efficiency. Have you talked this over with him lately?



One of America's primary industrial media and a member of the Audit Bureau of Circulations

McGRAW-HILL . . . AEP



the big record houses have shifted their advertising from magazines to Schwann's (all are listed regardless) and have abandoned their own catalogs.

Schwann himself is making a modest profit, which, he adds, has a way of fluctuating wildly. Offhand, that sounds like a fairly unspectacular showing considering the booklet's smash sales success. Schwann explains that the trouble with cataloging LPs is that the list grows and grows—and with it, costs. Record companies don't like to drop an LP from their list, even if they've discontinued pressing it, until the last one is sold. So as the flock of new numbers comes along each month, only a handful drop out. Result: The original 26-page booklet has already swollen to a high of 160 pages and expenses have pushed steadily upward. The upcoming price hike is Schwann's answer.

• **How It Happened**—But generally, Schwann would rather talk music than business. The 40-year-old Bostonian plays the organ, harpsichord, and piano. He started selling records to support himself at Harvard, later opened a record shop in Cambridge.

After fishing through 13 catalogs to satisfy an LP customer one summer night, he was driven to type up a consolidated body of handy information. He mailed copies to the big Boston retailers, got orders for 5,000 copies almost by return mail. A friend at Boston Blue Print Co., Inc., helped him print it. Next Schwann was tapping retailers in other cities and the idea caught on nationwide.

It caught on so well that Schwann soon had imitators. In 1951, Sam Goody, big Manhattan record merchant, brought out a catalog very similar to Schwann's. In fact, Schwann claimed in a court suit even the typographical errors were the same. Goody eventually settled out of court, agreed to pay $3,250.

Since then, Goody has revamped his format and tried to cut in on Schwann's market by selling it at 5¢.

• **Schwann's Way**—Schwann says he hasn't developed any special techniques for cataloging, but points out you need to know some music to do the job, for instance whether it's the orchestra, soloist, or chorus that should get the billings. He often catches up mistakes made by the record companies, including a listing of a nonexistent opus now and then.

Once the catalog reaches the retailer, Schwann doesn't try to control how he issues it. Some small out-of-the-way stores charge customers 25¢ and one Hong Kong retailer gets 75¢ per copy.

When Schwann considers the booklet's geographic span and thinks back to the sentiments that propelled him to a good thing back in 1949, he sees a moral: "It shows it pays to be lazy."

WHY IT PAYS TO BUY STEEL FROM WAREHOUSE



You don't have to overstock your special steels!

WHEN YOU BUY STEEL FROM WAREHOUSE, YOU GET:

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- FASTER PRODUCTION
- FEWER INVENTORY LOSSES

MANUFACTURERS who use small quantities of steels of special grades, sizes or treatments must frequently buy relatively large quantities to get a mill rolling. Then they are faced with the cost of storage, frozen capital, and sometimes LCL freight rates. We can arrange to stock specialized steels and deliver them to you as needed from our nearest warehouse. Frequently we can save you money on such orders. You pay for the steel only as you take it. Usually we can eliminate the delay of waiting for mill shipments. And it's always more convenient to order from warehouse because one of U. S. Steel Supply's 24 offices is near you. Contact your U. S. Steel Supply salesman.

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Coast to Coast

UNITED STATES STEEL

"HYSTAWAY® gets hard-to-get-at jobs done in a hurry"

says Adolph Bauer, Superintendent, A. Teichert & Sons, Inc., Engineering Contractors



Tractor-mounted excavator crane cuts cost on highway jobs!

Working on a highway relocation project near Dunsmuir, California, A. Teichert and Sons, Inc., contractor on the job, hit a major drainage problem and tough digging.

Much of the trenching for catch basins and culvert had to be finished in the completed grade. This often meant hard digging to a depth of 14 feet in fully compacted fill. At some locations it was necessary to dig close to the slope of the fill—from digging positions that would be impossible for full-revolving excavating machines that must have room for "tail swing".

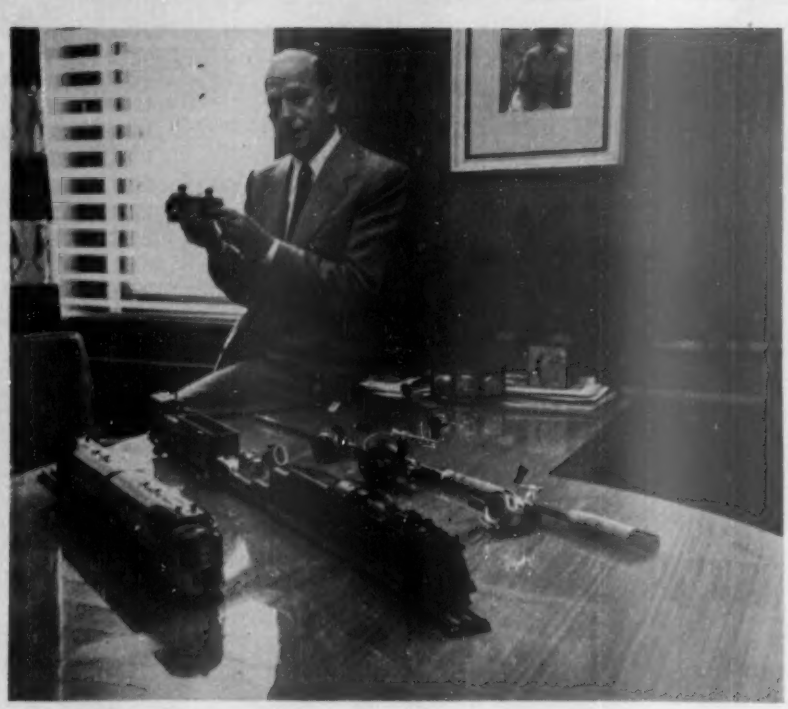
Adolph Bauer, Job Superintendent, used a Hystaway mounted on a Caterpillar® D7 Tractor to put in *all* of the culvert.

Hystaway mounts easily on new or used Caterpillar track-type tractors. The Cat® Engine gives Hystaway *more power than any other ½-yard revolving shovel.* With Hystaway you dig and bulldoze with one machine—travel at tractor speeds—dig in close quarters.

See your Caterpillar-Hyster® Dealer for details, or write: Hyster Company, 2907 N. E. Clackamas Street, Portland 8, Oregon; 1807 N. Adams Street, Peoria 1, Illinois.

HYSTER COMPANY





LIONEL CORP.'S Lawrence Cowen makes electric trains, fishing rigs. Now he's . . .

Focusing on Stereo Cameras

Toymaker will hit New York City market next month with a simplified, low-price stereo color camera and viewer. It's another step in expanding the company's product line.

In New York this week Lionel Corp., biggest maker of toy electric trains in the country, cannon-balled itself into a brand-new market.

With a carefully timed advertising and publicity salvo tied in with next week's photo show in New York, Lionel announced a new three-dimensional stereo color camera—the Linex. Its price: $44.50, less than half the tag of the cheapest stereo model in general distribution in the U. S. today.

Lionel admits this leap—from living-room railroading to full-scale 3-D—is a big one. But it took almost as big a leap—into the fishing tackle market—just a few years ago. And it has liked the results well enough to try again.

• **Color—and Cheap**—In going into stereo, Lionel is focusing on the lower-price, volume end of the camera market—a market that has been estimated at anywhere from $38-million to $45-million a year. For the moment at least, it has a backyard all to itself. The cheapest of the five stereo cameras available today—the Videon II—retails at about $100. (Sales of all five cameras—the Videon, the Stereo Realist, the Revere 33, the Iloca II, and the View-Master—may amount to $7½-million to $10-million a year.)

Lionel believes that the great mass of weekend picture-takers haven't yet been exposed to personal stereo. With the Linex, which is designed specifically for these not too gadget-minded amateurs, it hopes to change that.

• **Simplicity**—The Linex is smaller than other stereo cameras and uses smaller film—unperforated 16-mm., as compared with 35-mm. perforated in the others. The film is in a magazine; it is advanced by pulling a tab. Film can be loaded in daylight. The camera's twin color-corrected lenses rate at about f/6.1. It has two exposure settings (normal and extra bright), a fixed focus, fixed shutter speed of about 1/65 sec., and is flash-synchronized (flash gun is $6.50 extra). The casing is aluminum and zinc.

"Basically, this is a good-weather camera," says Lawrence Cowen, Lionel president (picture). "That's when most people want to take pictures. And this will give them good ones—sharp stereo pairs, in color, at a price they can afford."

• **Package**—Lionel will sell the camera, along with a case, a battery viewer, a film storage rack, and a magazine of film, as a package at the $44.50 price. The film—Ansco Color—will give the picture-taker eight stereo pairs. The

Giants for Hire



The **JARECKI** "Giants for Hire" include Clearing, Danly, Bliss, Cleveland, Hamilton, Verson, and Niagara presses ranging from 25 to 1200 ton capacity. These presses are capable of producing the largest and the smallest parts used in the automotive and appliance industries.

These giants also contribute to the **JARECKI** reputation for making dies. Each die is tested on these presses before delivery to the customer.

Expanding facilities soon will make it possible for **JARECKI** "Giants" to serve new customers. A facilities booklet will be sent upon request.

JARECKI

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GRAND RAPIDS, MICHIGAN

JARECKI MACHINE AND TOOL CO.

In the past 5 years
many thousands of businesses
have adopted Hadley
"Write it Once" methods

You too, can
SAVE 50% of time spent on
ACCOUNTS PAYABLE

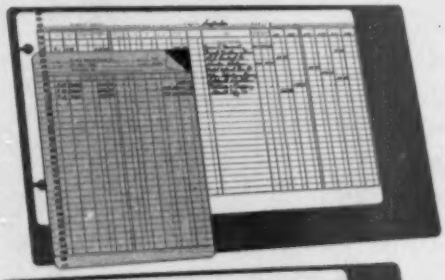
Write it Once



Here is how simple it is to eliminate needless recopying of figures. Standard, punched accounting forms are held in alignment by pegs on a simple collating board. Making the original entry produces duplicate entries as required—all with only *one writing*. For example, for accounts payable:

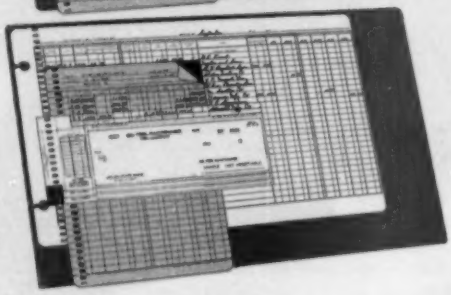
The supplier's ledger sheet is placed over the invoice register form on the collator... then

One writing
creates Invoice Register as invoice is entered on Ledger



The same supplier's ledger sheet is placed between check and check register form on the collator... then

One writing
creates Check Record and completes Ledger as Check is written



Does your accounts payable system eliminate transcription errors? Does it keep records current? Does it enable you to get checks out on time? Does it enable you to have on your desk today, a complete report on yesterday's accounts payable? *You get all this and more with Hadley "Write it Once!"* And you get it immediately... with your present personnel. No expensive equipment to buy... nothing new to learn.

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CITY_____ ZONE____ STATE_____

$1.25 he pays for it will include two plastic mounts and the cost of processing, which Lionel will handle. For the time being, the company will process only in strips of four pairs, but later on it may go to single mounts and strips of eight.

Lionel's initial distribution of the camera early next month will be confined to the five boroughs of New York. If sales go well, the plan is to push into other markets before the end of the year. Lionel says the camera was test-marketed in Hartford, Conn., for two weeks before Christmas, with gratifying results.

Cowen expects no real troubles with distribution. He is concentrating on department stores and camera shops and says their reaction has been "very enthusiastic." Others in the trade, though, point out that distribution—particularly of the film—can be crucial. Cameras have died on the vine before when people found they could get the film sizes they needed only in the bigger stores. Lionel says the Linex magazines will get into all stores that sell film.

• **Why It Did It**—Cowen, who is an enthusiastic photographer himself, says the idea for a stereo camera hit him long before the Hollywood ballyhoo set in. The thinking on it goes back several years.

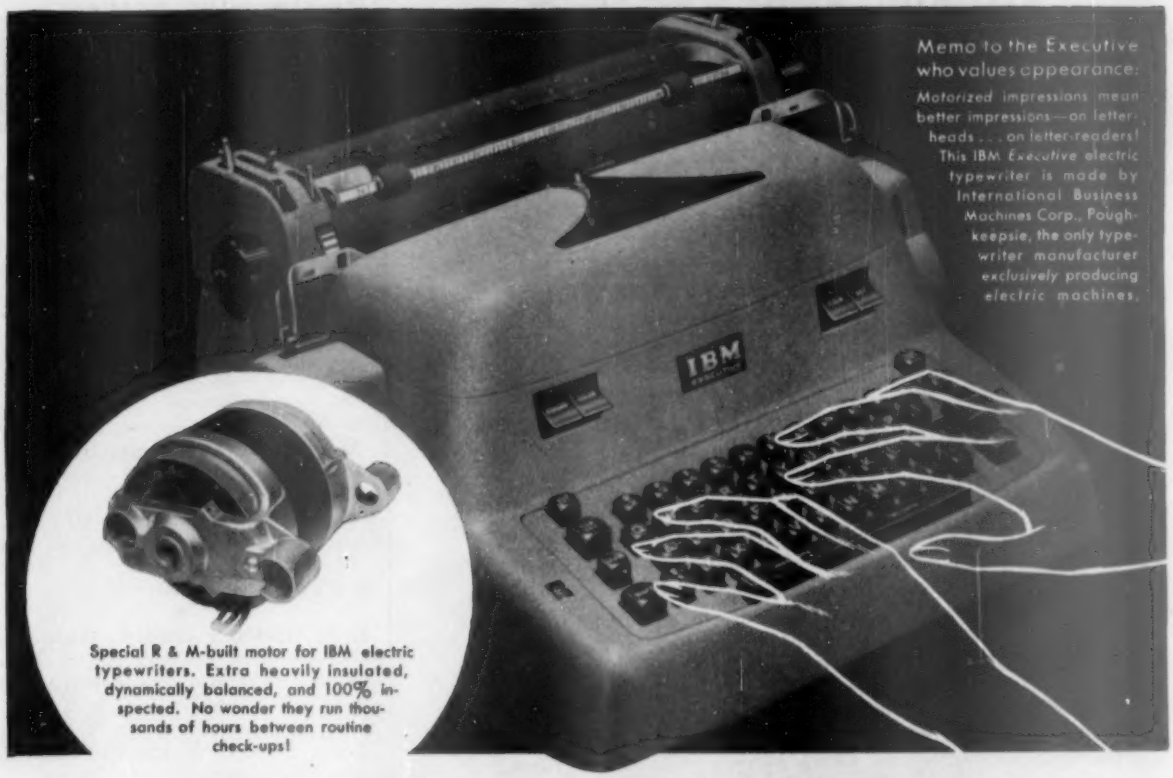
"It's perfectly natural that we should be looking for new products," he says. "After all, the idea is to grow, not stand still."

Lionel has hardly stood still through the years, but it wasn't until 1948 that the company first began to look for new business away from the toy-train field. It had done defense work during the war on items combining optics and electronics (it is still doing some now on a contract basis), so it looked toward a camera as a long-range project.

Its first diversification move—the camera is No. 2—was to buy Airex Corp. and Airex Mfg. Co., Inc., producers of a line of fishing tackle, in 1948. One of the first companies to market a full line of spinning tackle in the U.S., Airex now claims to be the largest in that field. Last year the division earned a net of approximately $500,000 before taxes.

When Lionel took it over, the company was still in the development stage and running on a no-earnings or small-loss basis. (Airex sales last year were probably in the neighborhood of $5-million to $5½-million. Total Lionel sales topped $28-million, of which $22.5-million was in trains.)

Since its purchase, Airex has operated as a separate division of Lionel. Linex Corp. now takes on the same status. Linex is manufacturing everything in the camera—except the lenses, which it buys—at Lionel's Irvington-Hillside plant in New Jersey.



Special R & M-built motor for IBM electric typewriters. Extra heavily insulated, dynamically balanced, and 100% inspected. No wonder they run thousands of hours between routine check-ups!

PINT-SIZED POWERHOUSE

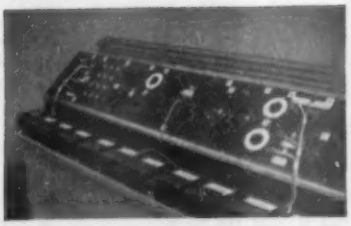
helps ten flying fingers make better impressions!

An "off-the-shelf" motor for IBM electric typewriters? Not with the special standards that IBM engineers required! They wanted a motor *built to fit the machine* . . . a motor with plenty of power, with high starting torque for quick response; a motor that would run cooler than normal, run quietly, and fit into limited space. In short, a pint-sized powerhouse with *all four* required characteristics—plus the stamina to perform dependably, year after year.

If ever there was a job for Robbins & Myers, this was it! With our unique "Electrical Slide Rule" we set up electrical equivalents of IBM motor requirements—then tested equivalent motor designs. Result? In *days* instead of months, we delivered plans and specifications for the *exact* motor IBM engineers wanted. And today, R & M is making the motor in 21 different voltages and frequencies.

Time and again R & M motor engineering, as demonstrated by this example, has been of real benefit to leading manufacturers of motor-driven equipment. Even though R & M makes many types of standard motors, *we are not prejudiced or limited in our approach to a motor application.* If a standard motor isn't the answer, we are the first to say so. And, we are qualified—through experience and specialized facilities—to custom-design the motor you need. At R & M, you don't have to compromise with what's *right!*

For Information—Tell us your problem. It costs you nothing to find out if we can help you. Write today to Robbins & Myers, Inc., Motor Division, Springfield 99, Ohio.



R&M "Electrical Slide Rule" reduces motor design to a fast, thorough science!

No longer must special motor design mean excessive costs—and delays in building your product. The unique R & M Electrical Slide Rule automatically calculates required motor characteristics for your application . . . accurately, thoroughly, economically! What you would expect to take months now takes days!

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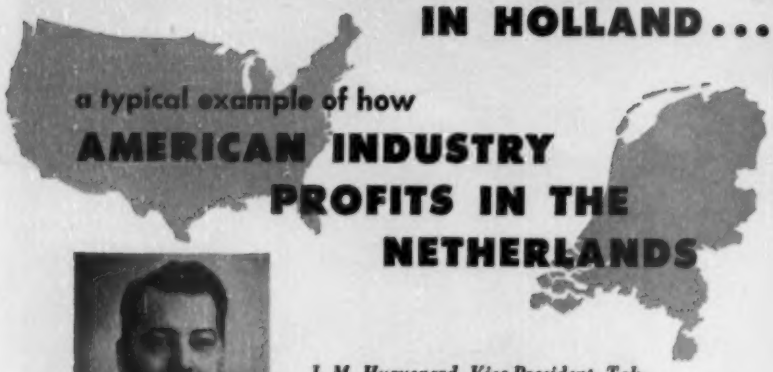


Moyno Pumps



Propellair Industrial Ventilating Equipment

The TOKHEIM CORPORATION IN HOLLAND...



a typical example of how

AMERICAN INDUSTRY PROFITS IN THE NETHERLANDS



J. M. Huguenard, Vice-President, Tokheim Corporation, Fort Wayne, Indiana, and President of its wholly-owned subsidiary, Tokheim N.V., Leiden, Holland, has this to say:

"Tokheim N.V. was formally dedicated in Leiden, Holland, on October 15, 1953. Our experience, both before and since that date, carries important overtones to any American industry alarmed by shrinking export markets in the face of the dollar shortage prevailing in overseas markets.

"Following World War II, Tokheim started probing at many points abroad to find firmer footing for its gasoline pump export structure. Along every avenue of approach, however, we discovered that Holland was ideally adapted to every prerequisite of a successful export business.

"Holland offers a bountiful labor pool . . . skillful, industrious workmen who enjoy a high living standard at modest wages. Holland is strategically located to serve world markets, and her internal waterways and rail system offer fast transportation from plant to port.

"Most important, profits earned in Holland can be transferred to the United States in dollars, and dollar investments can be retransferred. We have established sound trade agreements in many "soft currency" markets, profiting from business both with the free trade countries and with all other countries where dollars aren't available.

"Add to this the enthusiastic cooperation of the Dutch government in helping to provide manufacturing facilities to aid in serving our overseas customers, and you can understand why we consider ourselves highly fortunate in our Leiden subsidiary."

Detailed literature containing answers to all major questions pertaining to establishment of American industry in Holland is available on request. Write or phone Mr. Joseph P. Bourdrez, General Manager.

NETHERLANDS INDUSTRIAL INSTITUTE

Room 48 (1-M-L), The Biltmore, New York 17, N. Y. LExington 2-5069

COMPANIES BRIEFS

National Steel added $77-million to its expansion program. Its Weirton Steel subsidiary will spend that much on a 33% boost in tin plate capacity at Weirton, W. Va.

■

United Air Lines will slap a $3 surcharge on its "men only" flight between New York and Chicago (BW—Apr.4 '53,p34). The extra fare will start Mar. 16, CAB willing.

●

Bridgeport Brass Co. is taking over the Air Force aluminum fabrication plant at Adrian, Mich., vacated by Bohn Aluminum & Brass Corp. (BW—Dec. 12'53,p178). Bridgeport announced plans to employ 1,000 or more workers in the 800,000-sq. ft. plant after operations get rolling. The company won out over five other bidders for a five-year lease from the Air Force.

●

U. S. Airlines, a small air-freight carrier, has been declared out of bankruptcy. Its main route is between New York and Miami.

■

Noma Lites (BW—Dec.19'53,p41) is now selling room air conditioners.

■

Olin Industries, Inc., signed a contract with Army Ordnance to maintain the Alabama Ordnance Works at Sylacauga, Ala. The plant is in mothballs now, but Olin would be the operator if it should be needed for production.

●

A partnership has been turned into a corporation, but the firm name of Peterson, Howell & Heather remains. This Baltimore company is a leader in auto fleet leasing (BW—Jun.21'52,p56), with more than $22-million worth of equipment currently under lease. The company claims to be the largest single buyer of autos and trucks in the country.

■

Expansion: Mountain States Telephone & Telegraph Co. announced in Denver that it will spend $70-million on additions and improvements this year.

■

A new coast-to-coast steamship service was granted by the Interstate Commerce Commission to Isbrandtsen Co. after a two-month delay caused by opposition from Luckenbach Steamship Co.

●

Spring mergers: Rheem Mfg. Co. wants to acquire U. S. Spring & Bumper Co., Los Angeles maker of auto parts and other metal products, in a $4.5-million stock trade. . . . Eaton Mfg. Co. of Cleveland has bought all the common stock of Spring Perch Co. of Lackawanna, N. Y., maker of truck springs.



Small Fry... Big Business



Another example of how Carpenter ***Application Engineering Service** *is helping industry cut costs, build sales.*

Mention cowboys and Indians to kids from 3 to 13 and their eyes light up, cap pistols start barking, and the fun is on. The game hasn't changed much or lost its excitement since we were small fry . . . but today it spells big business.

And making novelties like this decorative piece for belts and holsters in multi-million quantities, calls for a fine sense of production know-how and cost control. In this case, the Company wanted to hold down costs by cold forming the impressions in the dies, rather than machining them. This called for a special kind of die steel . . . one that would "take" the master form or hob but would still stand up in the presses under long, punishing runs.

Again, Carpenter was called in, and Application Engineering Service went to work. Super Samson, a new steel developed in Carpenter laboratories for just such jobs, was recommended and used. Now the Company reports that Super Samson has saved considerable money in the *making* of the dies . . . and the Super Samson dies are turning out the novelties in big, profitable quantities.

Time and again, industry is finding new ways to save money and improve product sales with the help of Carpenter Application Engineering Service . . . a service backed by almost 70 years of leadership in specialty steel development . . . a service that uses imagination to help your shopmen apply steels for best results. **A. E. S.** is yours to profit by when you do business with Carpenter. THE CARPENTER STEEL COMPANY, 140 W. Bern St., Reading, Pa.

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Tool, Alloy and Stainless Steels

Pioneering in Improved Tool, Alloy and Stainless Steels Through Continuing Research

NEW YORK CENTRAL SYSTEM
Quality
RAILROAD SERVICE

Q.R.S.
IS YOUR CUE
to locate
your plant along
New York Central

15 MILLION NEW KILOWATTS from private power companies serving industry in Central's area. And 28,000 new coal cars to help serve those power plants! That, too, is QUALITY RAILROAD SERVICE.

NEW YORK CENTRAL

GLOBE SPRINKLERS



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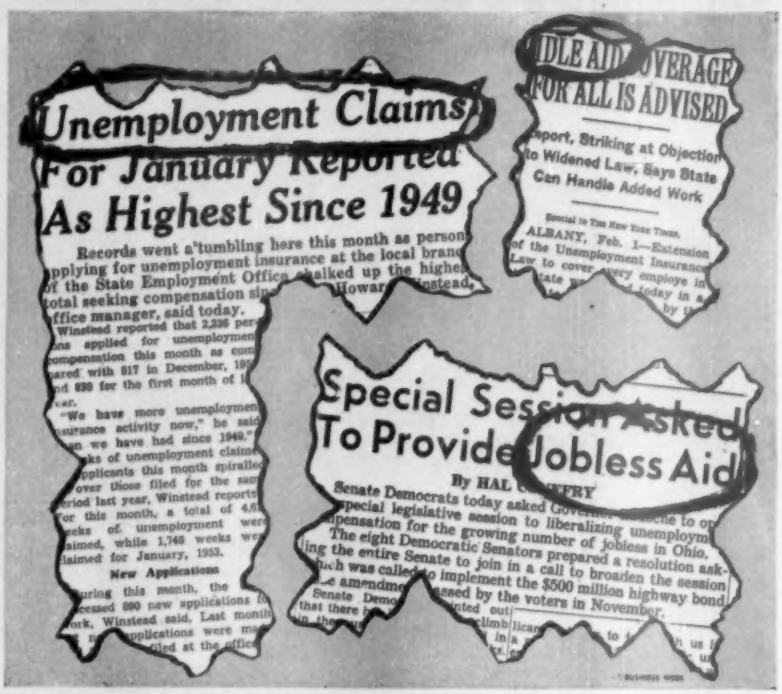
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The annual savings in insurance premiums after you install GLOBE Automatic Sprinklers often pay for the system in 4 to 8 years. Thereafter, the saving accrues to you. Ask our nearby office how much GLOBE protection can save you.

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THEY PAY FOR THEMSELVES

WHAT IT'S ABOUT



AID FOR THE UNEMPLOYED

President Wants More of It

Eisenhower's goal of 50% of base pay would give unemployed worker more security, and would help maintain purchasing power during a recession.

The complex and variegated federal-state unemployment insurance program is in for a major overhaul. The Eisenhower Administration is pushing for changes, with the goal of providing one more potential plug in case the economic dike begins to leak.

The President wants to extend benefits to more people, to raise the weekly payments, to lengthen the periods in which benefits are paid. His advisers say that this would offer three gains in the event of high unemployment—and benefit claimants are now at a three and a half year high:

• Increased benefits—the target is to make them about 50% of base pay—would enable the worker to keep on buying goods after he lost his job. This would tend to keep production up, hence, prevent unemployment from spiraling with further cuts in production.

• The longer period of payment plus the raised ante would, it is argued, give the worker more security. Thus he would not feel constrained to snap up the first job offered, which might take him away from his community, or beyond the bournes of his special skills. This would tend to stabilize the work force and help make full utilization of talents.

• Increasing the number of eligible workers would be an added defense against the deflation of purchasing power that normally occurs in a time of economic decline.

These purposes, of course, aren't very different from those of the original federal law passed in 1935. But Administration manpower experts say that rising living costs and lowered benefit percentages have watered down the present program till it no longer serves the purpose.

To bring about the changes sought by the President would require both federal and state action. The present arrangement is, in effect, a hodgepodge of state laws all clustered under the umbrella of the original federal legislation. Congress fixes the minimum categories of workers to whom benefits must

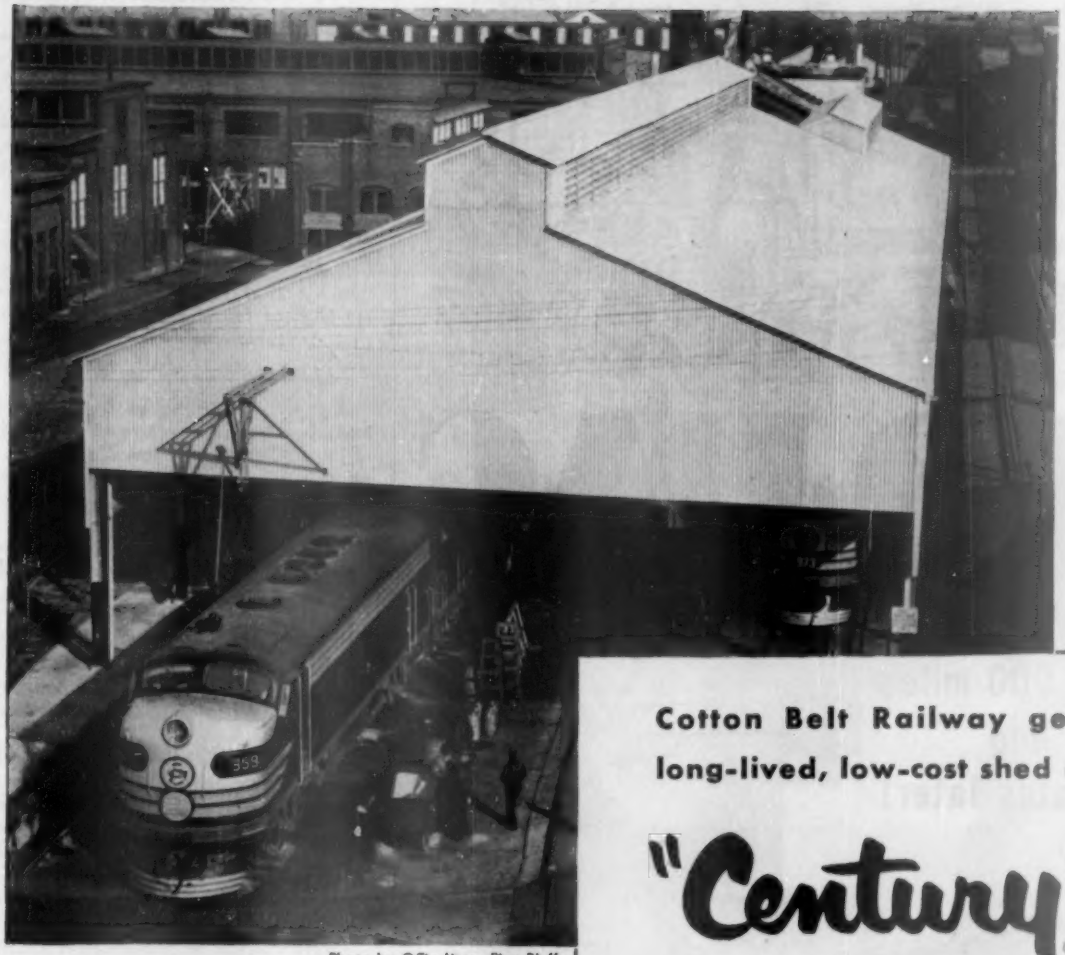


Photo by Offie Lites—Pine Bluff

Diesel engine shed, St. Louis Southwestern R.R. Co., Pine Bluff, Ark. Roof and sides of "Century" Asbestos Corrugated. Erection Contractor: Mound City Erection Co., St. Louis, Mo.

Cotton Belt Railway gets long-lived, low-cost shed of

"Century"®

ASBESTOS CORRUGATED

This new diesel engine shed will serve the Cotton Belt Railway for many, many years —through all kinds of weather with little or no maintenance ever required. Such service is to be expected of "Century" asbestos corrugated!

This lifetime roofing and siding is made from asbestos fiber and portland cement, and so combines the advantages of both materials. It is strong, dense, and tough; will not burn, rot, or corrode; is maintenance-free, and *never* needs protective paint. It is easy to handle, cut, and erect, too.

Best of all, "Century" asbestos corrugated is one of the most economical materials you can use—low in application cost, low in maintenance expense!

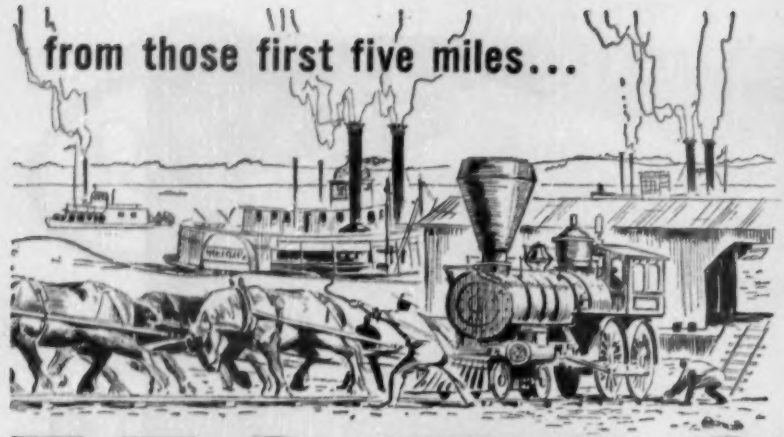
If you are now planning construction for your company, find out more about the many advantages you get with "Century" asbestos corrugated. Write for complete information.

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K&M best in asbestos®



MO-PAC

to 10,000 miles
and
11 states later!



IN 1852, the Mississippi Levee at St. Louis welcomed the first locomotive west of this great waterway . . . to provide service along the first five miles of new Pacific Railroad track.

It marked the beginning of a new era . . . one of growth . . . for both the West-Southwest and MISSOURI PACIFIC LINES. For, out of that unloading scene of the first locomotive grew a 10,000-mile railroad network serving shippers and travelers in the West-Southwest with a *modern-progressive* transportation system.

MISSOURI PACIFIC LINES

MODERN · PROGRESSIVE

ROUTE OF THE EAGLES

". . . the President will urge the states to include 4.5-million workers . . ."

JOBLESS AID starts on p. 122

be paid. The states set the size and duration of the benefits.

• **In Congress**—Various bills are already floating around Congress that would, collectively, achieve most of the President's goal of adding 6.6-million workers to the covered list. There is talk that Administration leaders may press for a single measure that would do the entire job.

Using the basis of the federally set minimum, state laws now cover a list of jobs including factories, shops, mills, mines, stores, offices, restaurants, laundries, banks, and ships. Outside the pale are railroad, agricultural, domestic, and state-municipal workers, those employed by small companies and casual labor, and the employees of nonprofit, religious, or charitable organizations.

Some of these categories are excluded now because they are already covered by special laws, others because of the tenuous nature of the employment they provide.

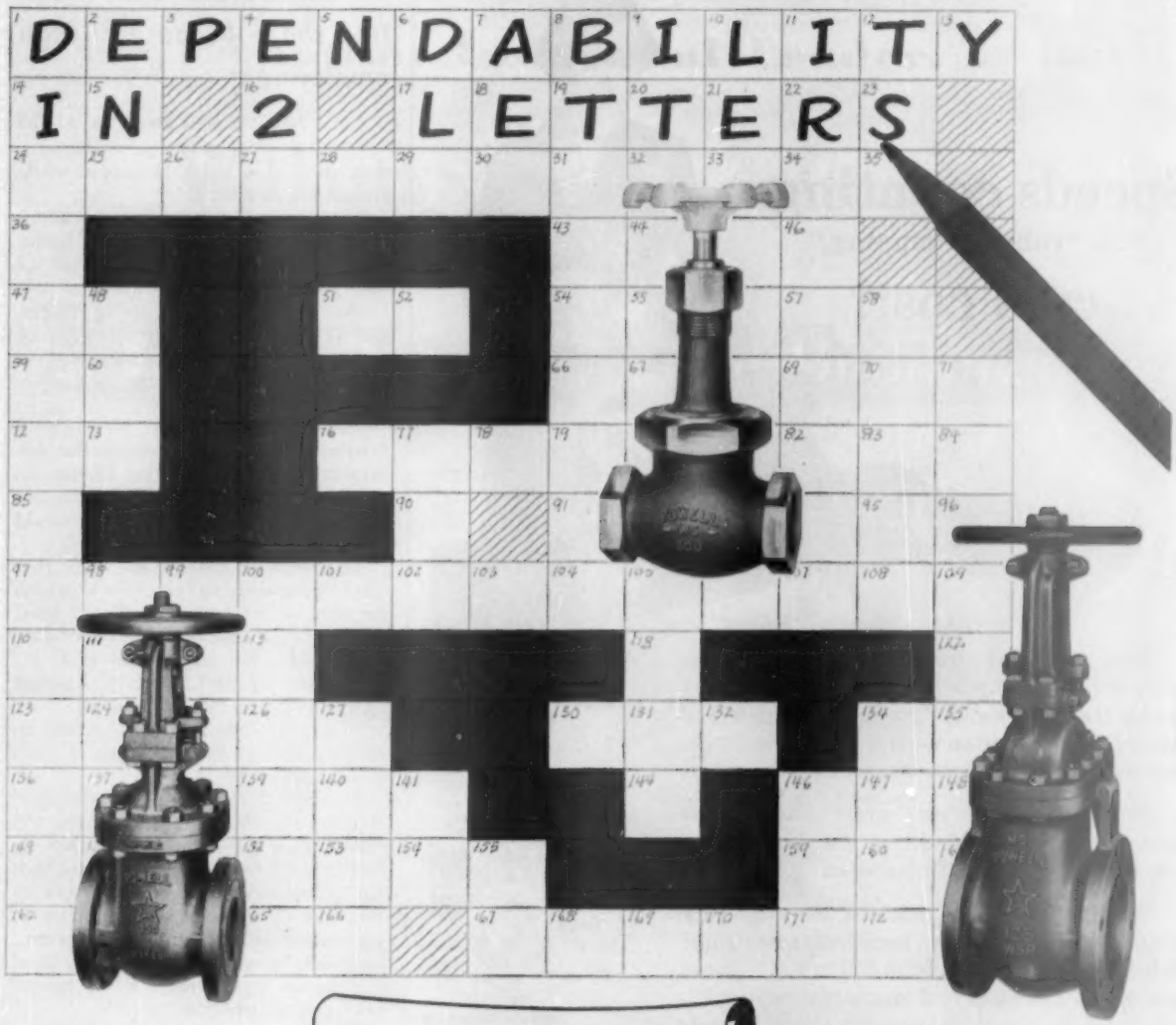
The President's program would add to the covered list: 2.5-million government workers, 3.4-million persons now employed in companies with less than eight employees, 500,000 "individual contractors" such as door-to-door salesmen, and 200,000 agricultural processing workers.

Quite apart from this list, the President will urge the states to include 4.5-million state and municipal employees. Congress cannot take action on them.

• **The States**—To achieve the larger and longer benefits, the President will send a standard letter to all state governors, asking that benefits be increased to half pay, and spelling out the details of existing state programs. The changes would have to be made by the various legislatures.

The disparity of state rates arose because the federal Social Security Act of 1935 did not set a standard rate. Congress simply ordered a 3% tax on employers, to be collected by the states. The states were to turn over 0.3% to the federal government for administration expenses, and keep the remaining 2.7% to finance the benefit payments made under the program.

The states proceeded to set varying rates and duration of payment. The average of all states, plus the District of Columbia, Hawaii, and Alaska, was $23.47 per week last year. Among the states, the high was New Jersey's $27.48, the low was North Carolina's $16.42. A maximum of $30 a week is



TOP

BRONZE "W.S." FULL FLOW GLOBE VALVE *(Fig. 2608)* For 200 pounds W.P. Regrindable, renewable, hardened stainless steel seat and disc. Nominal pipe size opening through seat permits fuller flow with pressure drop and turbulence cut to minimum. Sizes, ⅛" to 3", inclusive.

LEFT

CAST STEEL GATE VALVE *(Fig. 1503)* 150 pounds. Flanged ends, bolted flanged bonnet with outside screw rising stem and yoke. Solid wedge. Available in sizes 1" to 24", inclusive.

RIGHT

"MODEL STAR" GATE VALVE *(Fig. 1793)* For 125 pounds W.P. Iron body, bronze mounted. Supplied with taper solid wedge. Sizes 2" to 30", inclusive.



The life of a valve bears a certain relation to the life of the company that produces it. Powell has had a solid, oak-like growth for over a hundred years. That's only possible because The William Powell Company makes dependable valves.

Today, Powell Valves are proving their dependability in a greater variety of installations than any other valves in the world. And Powell is very likely the leader in research as well as development of special valves to overcome flow control problem situations.

All good reasons why PV, for Powell Valves, appears on more specifications year after year.

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CINCINNATI 22, OHIO

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..... 108th YEAR

Speeds counting,
also "rubber stamping,"
cuts cost!



A common, and expensive, hidden operating cost is the practice of counting or imprinting paper items by hand. Few firms compute the salary hours spent on such work, *or realize the substantial savings possible with the Tickometer.*

Manual counting and imprinting are no longer necessary—thanks to the remarkable, electrically operated Tickometer.

This modern office machine automatically counts coupons, cards, transfers, sales slips, labels, tabs, tickets, at from 500 to 1,000 pieces *per minute!* It feeds and stacks automatically, stops for damaged or irregular items, records part and whole runs.

In many firms the Tickometer is used to "rubber stamp," imprint, date or cancel—as it counts. Makers of food and drug products code their package labels with it, to prevent imitations, identify origins, inspectors, factory lots —easily, quickly, cheaply.

Easy to use, the Tickometer does not demand trained operators. Rented, rather than sold, it pays for itself promptly.

Want something counted? Call the nearest PB office for demonstration, or send for free illustrated booklet and case histories.



Anyone can use the Tickometer to count anything that needs to be counted . . . at speeds up to 1000 a minute!



Hundreds of firms use the Tickometer to code and date product labels, coupons, etc., —and save printing costs as well as time.

PITNEY-BOWES
Tickometer
Counting, Imprinting Machine

Made by the originators of the postage meter . . . offices in 93 cities in U. S. and Canada.

PITNEY-BOWES, INC.,
1444 Pacific St., Stamford, Conn.

☐ Send Tickometer booklet

☐ Send case studies

Name_____

Address_____

". . . most state funds are in fine shape because of high employment . . ."

JOBLESS AID starts on p. 122

prescribed by 17 states, but not all workers get this much.

The weekly average payment is about one-third of factory base pay. Eisenhower wants this raised to a half of base pay, or roughly $35 a week. And further to bolster purchasing power, the President wants the duration of pay boosted to 26 weeks maximum in all states. At present, the average is quite a bit lower.

• **Tax Burden**—Besides its general broader-bigger-longer program, the Administration has some other changes in mind. Some would involve the intricate ground rules of eligibility; one would ease the tax burden on employers.

The present federal law says that after three years an employer's payroll tax can be reduced if he has a good "experience"—that is, a record of limited layoffs. No matter how good his record, the tax stays at the full amount until the three years have passed.

Now, the Administration wants to shorten this probationary period from three years to one.

• **Federal Loans**—Another technical change supported by Eisenhower is the bill (already passed by the House) of Rep. Daniel Reed (R., N. Y.) by which the government would lend money to the states if they ran out of money to make benefit payments. At present, such deficits would be made up out of the federal government's 0.3% payroll tax for administration.

At the moment, most state funds are in fine shape because of the high employment of recent years—1949 was the only critical job year since the start of World War II. The generally high balances in reserve funds total around $8.5-billion; many employers are not paying the full rate. But the state funds are separate, and the general prosperity is scant consolation to a state, like Rhode Island, whose funds are on the rocks (BW—Sep.5'53,p150).

Rhode Island, with chronic textile and jewelry unemployment, has had to pay out more than the 2.7% tax since 1949.

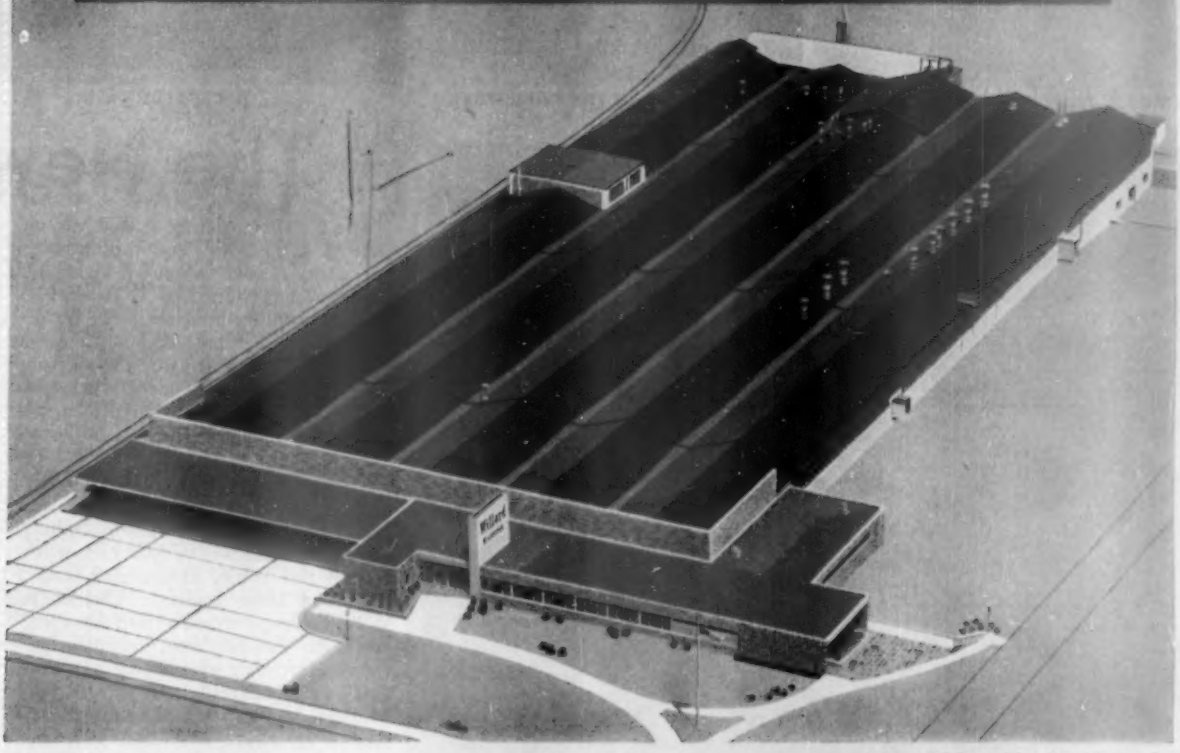
Very few states face anything like Rhode Island's problem. But the Administration wants to be ready just in case with a modernized jobless insurance program. Already, there are well over 2-million jobless, and the latest figures show that 1,951,900 persons filed for unemployment insurance last month. That's 5.5% of the insured workers, the highest percentage since the middle of 1950.

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James P. Mitchell looks like a man who has come up the hard way . . .

. . . prosperous . . .

The New



The Cabinet meeting started late on Oct. 9, 1953, an unusual occurrence for sessions over which Dwight D. Eisenhower presides. He is a punctual man, demanding punctuality of his associates. But there seemed to be a good reason why this particular meeting was delayed. The President was swearing in his first Cabinet replacement, James P. Mitchell, eighth U.S. Secretary of Labor.

Those ceremonies were held in the Oval Room of the White House, and it was crowded with photographers, friends and relatives of Mitchell, members of the White House staff, and a couple of labor leaders. Charles E. Wilson, always an early bird for meetings with the President, was the only Cabinet member who looked in. And that was perfectly proper because Mitchell had left an assistant secretaryship of the Army, in Wilson's Defense Dept., for the Labor portfolio. Wilson and the Attorney General, Herbert Brownell, were the only two Cabinet members who had ever met Mitchell. Neither had even heard of him before December, 1952, when his name first came forward as a possibility for the post that then went to Martin Durkin.

• **Into the Picture**—When the swearing in ended, Arthur Flemming, Office of Defense Mobilization director who had served on a manpower committee with Mitchell during the war and who was going to attend that day's meeting of the Cabinet, took him by the arm.

"Come in, Jim," he said, "I'll show you where you sit." And he led Mitchell into the Cabinet room and toward the chair that had been vacant for a month since Durkin resigned and made a public issue of the first big



. . . shrewd . . .



. . . with political savvy . . .



. . . and a sense of humor.

Secretary: He Can Bargain or Fight

fight within the Eisenhower Administration.

• **Curiosity**—Waiting around the room were the Cabinet members, avoiding their chairs until the President arrived and was seated. They looked at the man Flemming had in tow with intense, and only partly concealed, curiosity. Their interest was understandable. Here was a virtual unknown, moving into what an extraordinary series of circumstances had made the hottest spot in the official Eisenhower family.

Each one of them must have recalled the saw that made the Washington rounds, "The Eisenhower Cabinet is made up of nine millionaires and a plumber." The plumber was gone, and what manner of man was this taking his place? Would he be a member of the club, would he want to be? Or was there something about the nature of the job of Labor Secretary that would make a maverick of anyone who held it in a Republican Administration?

I. Manner of Man

The man they saw was not unimpressive. He had a heft to him and a solidity. It went well with the rough-hewn Irish face and the bristling gray-black hair. On the street he might be taken for a successful building contractor. He looked like a man who had worked himself up the hard way: prosperous, shrewd, strong, with political savvy and a sense of humor; a man who could be tough and find zest in a fight, and a man who seemed sure of himself.

• **Label**—In the months that have passed since they had their first glimpse of him, Mitchell's associates have found



AN IMPORTANT JOB, long neglected, is to keep workers updated in the labor-relations field. Mitchell, photographed during a broadcast, intends to take this duty seriously.

their first impression confirmed; they have found that Mitchell lives up to his appearance. But they still aren't sure whether Mitchell is a member of the club. Eisenhower is sure, though. He has said more than once that he thinks Mitchell is one of his best appointments. It was with obvious satisfaction that the President told a recent visitor, "I thought Jim was a liberal when I appointed him, but he's something better; he's an 'imaginative conservative.'"

• **Point of View**—The very thing that makes Mitchell somewhat enigmatic to the nine millionaires makes him particularly valuable to Eisenhower. He has the employee point of view. And it is natural that he should. He came from a lower-middle income family in New Jersey and failed in the one business he tried to run himself, a butter-and-egg retail store he opened in 1921 and closed in 1923.

Since then he has been working for others, recently in positions of high executive responsibility, but never, like his new colleagues Wilson, George Humphrey, Arthur Summerfield, et al, as top man. In this he differs even from his predecessor, Durkin, who had at least as much authority in the plumbers union over which he presided as, say, John Foster Dulles had in the Sullivan & Cromwell law firm.

Being a man who has only taken orders from others rather than one used to establishing policy for others to follow may not be the best qualification in the world for heading a department of government. But it makes him unique in a Cabinet where all the other members are used to thinking and acting as the bossman.

• **Basic Traits**—There is a streak of Irish nonconformism in Mitchell, which he keeps well under control except for a spontaneous outburst or in very private conversation. He simply won't be pushed, either by convention or pressure, and the men who work with him in Washington now have learned—or have damaged their relations with him by failing to learn—that unless he is persuaded, he is stubborn as an ox.

Injustice makes him see red. That goes a long way back in his life. He recalls very vividly a story told to him by his father.

His father had met a workmate on the street and invited that workmate to join him in a glass of beer at a nearby bar. It happened that the invited man was a Negro and the bartender at first refused to serve him. Mitchell pere banged his heavy blackthorn walking stick on the bar and demanded his rights. In the face of his torrent of eloquence, the bartender retreated and sullenly drew another beer. When the Negro had drained the glass, the bartender snatched it off the bar and smashed it on the floor in triumph. "It is a terrible thing," his father concluded, "that in this free country a man cannot drink in public with his friend if his skin happens to be dark. That is wrong, very wrong, and it must be put right."

II. The Road Up

After trying his talents in a number of different jobs, Mitchell found what seemed to be the right niche for himself in personnel work. He was in the personnel department of Western Electric in Bloomfield, N. J., when the parent American Telephone & Telegraph Co. reached for him for a peculiar assignment. Gen. Brehon Somervell was then running the country's biggest work relief program as head of WPA in New York City. He needed more competent people than his budget could provide. So he got New York's Mayor La Guardia to call the city's top industry heads together and make a plea for help. The big companies in town were asked to loan bright, young, energetic men; and AT&T's contribution was Mitchell.

• **Friend**—If between Mitchell and Somervell it wasn't love at first sight, it was something pretty close to it: The two men have been fast friends since WPA days, and continued to work together until Mitchell left Washington in 1945 for Macy's. When Somervell went to Pittsburgh in 1946 to boss Koppers Co. he offered Mitchell the direction of Koppers' labor relations. Mitchell convinced Somervell not to centralize authority over labor policy in a highly diversified company like Koppers in one man, thus selling him off the idea of creating the job he wanted Mitchell to fill. Mitchell stayed in New York.

After WPA, Mitchell never went back to Western Electric. Somervell was called to Washington on Army procurement problems as the nation made the sharp swing from defense against unemployment to national defense preparedness. He took Mitchell along as his top labor trouble shooter, and Mitchell made another warm supporter of Secretary of War Robert Patterson.

During the war Mitchell handled all labor problems in Army procurement, which meant he had to be concerned with everything from potential strikes in the Chrysler tank arsenal to wage differentials in the building trades unions constructing Army camps in Louisiana. Among the men on his staff was John O'Gara, on leave from his position of vice-president and general manager of R. H. Macy & Co. in New York.

• **Nightmare**—As the war was ending and Mitchell began to look around for where he would go and began to consider seriously some attractive job offers that came his way, O'Gara offered him an executive job in labor relations at Macy's at a salary he promised would at least equal any other offer.

Mitchell, who now says as he looks back on the decision, "I must have had some storekeeper left in my blood," took the Macy job. It proved to be a nightmare. Macy's, like most New York department stores, dealt with a union that had a strong Communist flavor. The store management was more concerned with its day-to-day competitive relationship with other stores than with a straightening out of its labor relations for the long haul. Mitchell felt frustrated and, after a strike that began with the management supporting his position fully and ended when they pulled the rug out from under him, he quit.

Bloomingdale Bros., the New York outlet of Fred Lazarus, Jr.'s Federated Department Stores chain, snapped him up. By then he was obviously the outstanding labor relations man in the retailing industry.

• **Winning Out**—Bloomingdale's had a Communist union problem, too, but there Mitchell had a completely free hand. The job he did of civilizing the union and getting the store's labor relations on a good basis is probably par for the course. He used a combination of toughness, maneuver, and education and in two years had the labor problem so well in hand that he could take over the store's general managership as well as its employee relations direction.

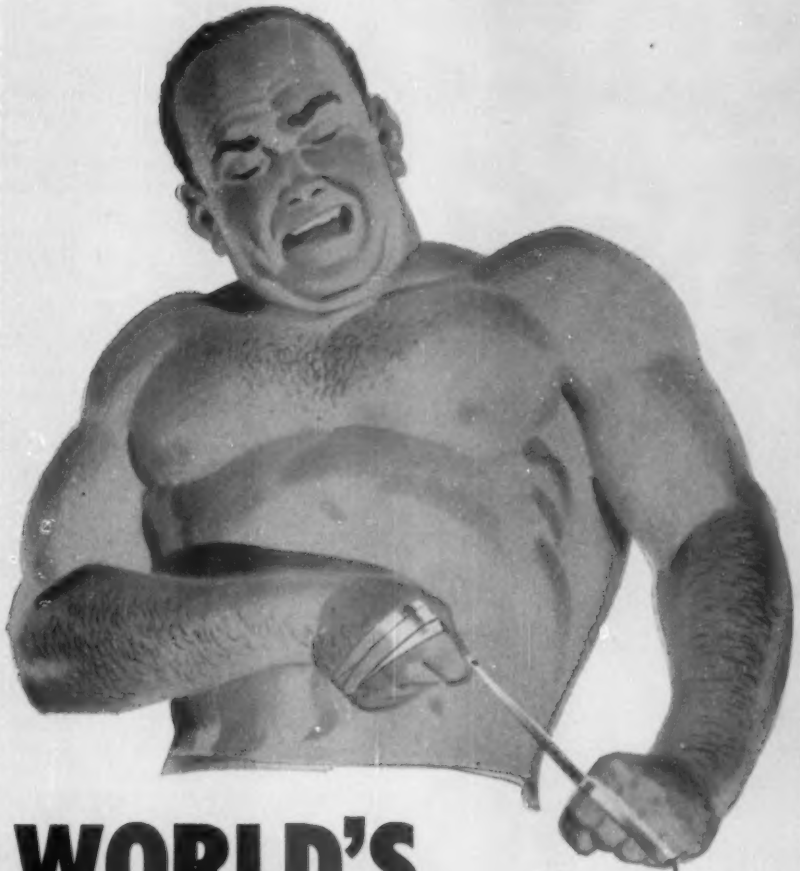
• **Case of the Beanie**—One example of how he worked is still called at Bloomingdale's "The Beanie Grievance."

A manufacturer of children's hat novelties had brought out a hat (beanie, in trade jargon) called the Johnny Reb. It was modeled on the gray slouch field cap with the stars and bars emblem affected by Confederate troops in the Civil War. Saks-34th St. was the first New York store to stock and advertise it, and it caught on.

The Communist newspaper, the Daily Worker, jumped all over it—calling it, with characteristic lack of humor, a plot of Southern reactionaries to make New York City youth Ku Klux Klan-minded. The day after this political interpretation appeared in the Daily Worker a union committee confronted the management of Saks-34th St. The committee declared that if the store continued to stock the offensive beanie there would be a strike. The bewildered management agreed to sell no more Johnny Reb hats and proceeded to dump their inventory.

The next day the Daily Worker reported a "tremendous victory" for embattled unionists in Saks-34th St. who had ended this threat to peace and freedom.

• **Stratagem**—Over at Bloomingdale's,



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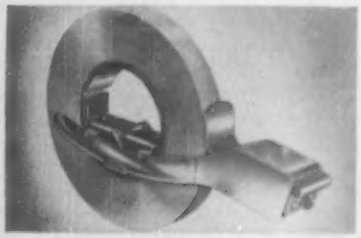
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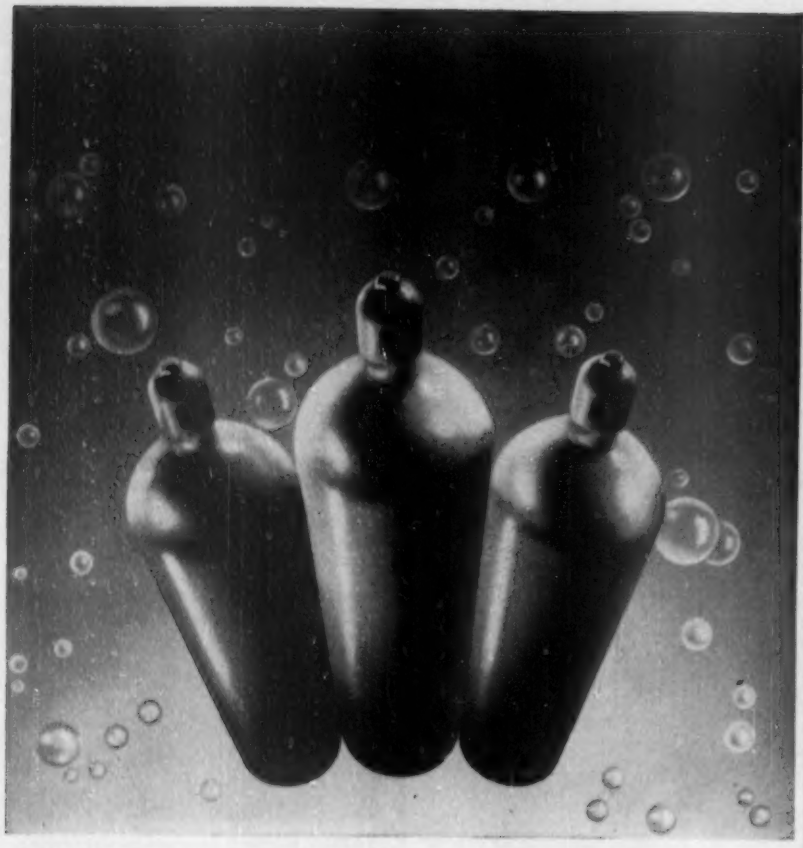
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CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

Mitchell, who considered it an important part of his job to read the Daily Worker as long as Communists were important in the union he dealt with, pondered the episode. He summoned the buyer of boys' wear to his office and suggested that Bloomingdale's was missing a bet by not selling Johnny Reb beanies, which, Mitchell intimated, were going like hotcakes. The buyer was delighted to have Mitchell's suggestion and immediately went to the market and bought 10 dozen gross. Then Mitchell called in the advertising department and instructed it to do some newspaper promotion of the item. Bloomingdale ads for the "new Johnny Reb hats" appeared in Sunday newspapers.

Monday morning, the union at Bloomingdale's called a special meeting. A committee was hastily appointed which, except for one union officer, was all Negro. They were fired up to strike a blow for freedom and, grim-faced, they marched into Mitchell's office. He listened to long speeches on the evils of the Confederacy, racism in the South, the dangers of the Klan. And he listened quietly as the committee made its demand that Bloomingdale's throw out the offensive beanies. When they were all done, he said he wanted to show them something and they stood in a group around his desk.

Mitchell reached into his drawer and took out the two issues of the Daily Worker. "Look," he said to the Negroes, "aren't you being played for suckers?" They read the two Daily Worker stories with intense concentration. When they were done he said, "Tell me, do you want tomorrow's edition of this paper to report that the Communists have won another victory, that only the Communist Party is a true friend of the Negro people?"

• **Victory**—For a minute there was silence, stunned silence. Then one of the delegation made an unprintable comment. The union officer who had shepherded the committee in started to sputter. Before he could finish one coherent sentence, another committee member shut him up. Mitchell didn't say a word as the delegation turned and marched out of the door. That was the end of the beanie grievance case. It was also the end of the Communist influence over Bloomingdale's Negro employees, who made up a large segment of stock room and warehouse personnel.

III. Washington Goals

In Washington, people who have watched Mitchell work say he uses the technique of maneuver with finished artistry. Fortified by complete loyalty to Eisenhower he has more than once boxed the Commerce Dept. and State

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Dept. out of situations in which he felt it important to keep the Labor Dept.'s authority unshared. Balancing a growing list of admirers is a growing list of enemies.

Among his antagonists are not only men in high administrative positions, but men who are powers in Congress, too. He is far from being the least controversial man in the Cabinet.

• **Growing**—Although Mitchell's character is probably set beyond being affected by any Washington experience, his intellect already shows growth and change. Not having had a college education, he has always been inclined to feel that his lack of intellectual training puts him at a disadvantage, and he is more sensitive to that now than at any time before in his life.

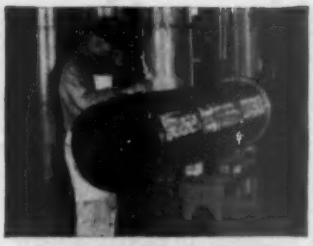
His way of dealing with this problem is the standard one, used by so many other men who felt themselves in similar positions: self-education. He has not embarked on a systematic program of gap-filling, but he has become a voracious reader and brain-picker.

According to one old hand in the Labor Dept., he probably reads more of its weighty output than the combined absorption of any three other people who have sat in the secretary's chair. He may never be the fully rounded man, but there are signs already that in maybe another year he'll be the best-filled-in expert there ever was in the U. S. Dept. of Labor.

• **Aim**—What he really wants, next only to being a capable secretary who will run an efficient and useful department, is to make the Republican Party line on labor policy and see that it is executed. He is devoted to the idea that Republican conservatism does not have to be antiunionism. He sees the Eisenhower victory in 1952 not as some of his colleagues, who view it as an opportunity to "get even" for the long years in which business was pushed around by the union-Washington combine, but as an opportunity to stabilize labor relations in America on a foundation of true government neutrality. If such a course is set, he feels, the charge that the Republican Party is the party of the bosses will fall of its own weight.

To get the backing he needs for the adoption of such a policy he is prepared to make tactical retreats on specific issues. Thus, he did not press to the breaking point his opposition to the strike vote proposal in the Administration's Taft-Hartley program, nor his support for extending minimum wage coverage in the economic program. Instead he was the good soldier who went along with decisions he thought wrong. To him those were tactical issues. When questions he considers of strategic importance arise—the right wing of the Republican Party need have no illusions—Mitchell will fight.

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Rewriting the Tax Laws

● The direct effect will be mostly on businesses, but individual taxpayers will benefit, too, from a host of minor liberalizations and clarifications.

● All in all, the proposed new laws will plug loopholes, end inequities and ambiguities that have long been the despair of even the tax experts.

When Rep. Daniel A. Reed and his House Ways & Means Committee began a month ago to rewrite the tax laws, they made a promise. They said it would be the most searching task of its kind in U.S. history. From it, they said, would come changes that would remove mountains of worry from the minds of taxpayers, and save them dollars, too.

The committee's work is not complete. But already it is plain that the committee has, in fact, produced a monumental revision of the Internal Revenue Code. What's more, the chances are good that Congress will adopt the great bulk of the committee's recommendations.

• **Who Benefits**—The nature of the revision is such that most of the 56-million U.S. income taxpayers may never feel a direct effect. But every businessman will.

For a business, it will be impossible to go through a tax year without stumbling across one or more of the changed rules.

With individual taxpayers it is different. The changes here are not across-the-board. They are selective—designed to ease the problems of special groups, such as widows who must work, pensioners, families that are hit by illness, and ministers who get cash rental allowances from their parishoners.

One of the big groups listed for personal tax relief is the more than 4-million owners of stock who get regular dividends. This group stands the greatest chance of losing out as the committee recommendations grind their way through Congress—Democrats are in full cry against exempting any part of dividend income from taxation.

• **In Fine Print**—The committee's work isn't revision in the grand design—aimed at wholesale shifts of the tax burden, or at social reform, or at emergency stimulation of a sick economy. On the whole, it is a grim slogging through the fine print so as to remove inequities and ambiguities and to plug loopholes.

Nor is this a trivial pursuit. Its purpose is to square the special and peculiar world of the tax collector with the everyday world of business and family life. To tidy up as many of these fuzzy places as possible, the committee will eventually grind out 50 or 60 specific recommendations. Most of these have already been agreed to.

The most important changes affecting business can be grouped into four broad classes:

• Those designed to stimulate expansion of the economy.

• Those aimed at assuring taxpayers of equal treatment.

• Those granting more freedom for reorganizations and stock distributions.

• Those intended to close loopholes in existing laws.

I. Faster Write-Offs

As a means of stimulating business and getting the economy back on a cycle of expansion, easing of depreciation rules has top rank.

For years, businessmen have been saying that the tax collectors' rules do not make sense in the actual world of bricks, mortar, tools, and machines. Production equipment of all kinds, they say, suffers heaviest depreciation in the early years, yet the tax laws require that it be depreciated in equal amounts, so much per year, over its entire life.

The committee and the Treasury have a new plan that allows two-thirds of the value of plant and equipment to be written off in half its useful life.

• **How It Works**—It works like this: Suppose you are depreciating a $100,000 machine tool that, under tax rulings, has a 10-year life. Under the "straight line" method now used, you could take only $10,000 a year depreciation for 10 years.

Under the new "declining balance" system, you would start by deducting 20% of the cost, or $20,000 in the first year—twice what you would be allowed under present regulation.

In the second year, you would be allowed to take 20% of the balance—in this case, 20% of $80,000—a deduction of $16,000. You'd still be well ahead of the straight-line method. The third year, you could take $12,800 (20% of $64,000). But by the fourth year—due to the declining-balance principle—you would be down to a write-off of $10,240, little more than the present straight-line deduction.

In the meantime, however, you would have racked up almost $60,000 worth of depreciation in the first four years, compared with $40,000 under the present method. That extra $20,000 is the key to Administration hopes. Its quick recovery means it will be available for purchases of still more capital goods—and the decline in write-off would be an incentive to reinvest in improved machine tools.

• **Clearer Rules**—The committee also laid down some new rules for the Internal Revenue Service in an effort to remove long-standing sources of irritation regarding depreciation.

First, it authorized written agreements between taxpayers and tax collectors as to the useful life and rate of depreciation of assets. After such an agreement is reached, it cannot be overturned unless new facts are brought to light. This is assurance that IRS won't come in and change the rules—a practice businessmen have complained of for years.

Second, it told the revenue service not to argue with taxpayers about the proper useful life of an asset, unless the difference was more than 10%.

II. More Spurs to Growth

The committee has cooked up other ways, too, of encouraging businesses to grow—by carrying them through rough spots and letting them keep more profits.

• **Loss Carrybacks**—The idea here is to allow businesses to apply losses against the profits of two preceding years, instead of one year as under the present law. It carries a solid wallop when it comes to checking a downturn. Many businesses that operate on a narrow cash margin would find it the difference between solvency and bankruptcy, as Administration advisers see the picture.

Suppose your business made $200,000 in 1953 and $100,000 in 1954, but lost $300,000 in 1955. Under existing law, you would be allowed to apply your 1955 loss against the income of only one preceding year, in this case the $100,000 you made in 1954. You could not get immediate tax relief on the additional $200,000 you lost in the bad year. Lumping the three years together, you'd still have to pay a tax on a net of $200,000.

If Congress goes along with Eisenhower and the committee's recommen-

dation, you would be allowed to carry your 1955 loss back two years. Then you'd have no taxable income for the three-year period.

The practical effect: After 1955, you'd get a check from the Treasury for the full amount of your tax on 1953 income. During 1955, as losses became apparent, you'd defer paying your tax on 1954 income. That means you'd take money laid aside for taxes and use it to bolster your cash reserves. The Administration sees this as a quick and automatic way to ease the effects of a slump.

• **Research Costs**—Many small companies, with new research programs, either don't know that such costs might be charged to expense or else haven't been able to get an O.K. from the revenue men in their cases.

The committee voted specific statutory authority for treating research costs as expense. It allows a choice of charging off such costs in the year incurred, or treating them as deferred expenses to be written off over a period of five years or more, when profits presumably might be greater.

• **Income Earned Abroad**—As another stimulus for business, U.S.-owned enterprises abroad would get a tax break of 14 percentage points.

Instead of the basic 52% corporation income tax rate on profits earned in the U.S., the rate on income earned abroad would be 38%. This differential is already applied to U.S. corporations that do most of their business in the Western Hemisphere. The committee has simply extended it to the rest of the world.

The differential would apply to earnings from factories, mines, oil or gas wells, retail stores, or "similar business." Exporters, however, are specifically barred from receiving the tax cut.

The committee voted some other changes designed to make foreign business look more attractive to U.S. investors. One would allow companies to defer taxes on income earned by branches abroad until the income actually is brought back to this country. Another would allow credit on some types of tax paid to foreign countries.

• **Retained Earnings**—Under present rulings, a company that holds back more than 30% of profits must be ready to prove to the Internal Revenue Service that it is not doing it simply so its stockholders can avoid taxes.

Under Democratic administration, the revenue bureau was inclined to be rigid on this point. Eisenhower and his advisers also believe in maintaining a tax penalty against excessive accumulations of earnings. But they are convinced that, in many cases, the growth of companies has been crippled by applying the law too rigorously. The



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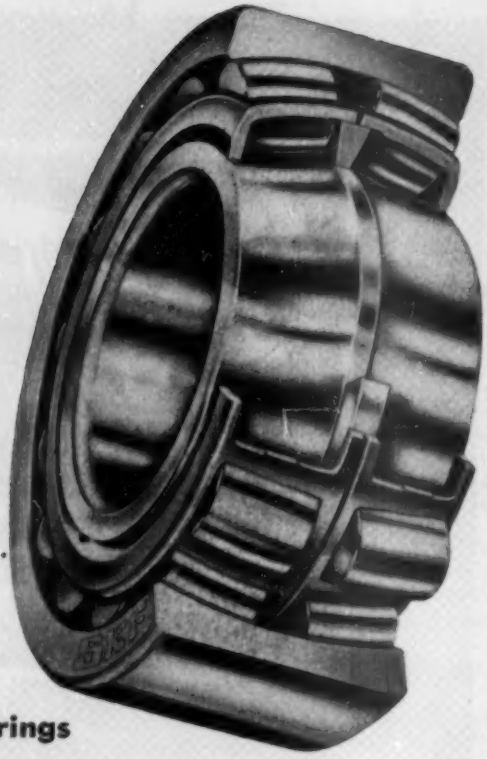
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committee devoted extensive hearings to the subject last year and hasn't yet written specific liberalizing language.

III. Equal Treatment

One of the striking differences between the everyday world of business and the special world of the tax collector is this: Business is done with almost infinite variations, while the tax collector must work with sweeping generalizations.

As a result, regulations fall with unequal force on taxpayers who for all practical purposes are alike. Thus, one company can deduct the costs of its employee pension plan as a business expense; another cannot. One loss by theft is deductible; another is not. To correct some of these inequities, the Ways & Means Committee has recommended a number of changes.

• **Employee Pension Plans**—The committee has recommended changes in the deductibility of contributions made by the employer, and the tax treatment of pension trusts. Stock bonus and profit-sharing plans fall in the same general category.

The direction of the changes is to simplify rules, and to make it possible for a business to decide whether contributions are deductible without having to go through lengthy negotiations with IRS. The amount an employer is allowed to deduct is raised from 5% of the wages and salaries of covered employees to 10%. As under the present law, greater deductions will be allowed if shown to be required by actuarial calculations.

• **Profit-Sharing**—Under present law, deductions for purchase of retirement annuities can be taken only if purchased through a trust. The committee favors liberalizing this to include payments made under any plan that otherwise qualifies—whether handled through a trust or not.

One of the knottiest problems in handling pension, stock bonus, or profit-sharing plans is to decide where reasonable "special treatment" ends and "discrimination" in favor of top executives begins. The committee came up with a new set of rules.

It suggests that the employers be given latitude to set up separate plans for categories of employees, such as those paid by the hour, those on salary, and those on the payroll for less than five years. Differing treatments for such groups would not be considered discriminatory. However, new and definite limits are placed on what can be done for big stockholders, or for employees in the top salary brackets.

In a related field, the committee made some changes in the rules governing employee stock options. Profits growing out of such options already get



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favored treatment, and this is continued. One change would allow heirs of a deceased employee to exercise the option. Another would put a 10-year limit on the option if tax advantage is to be gained.

• **Business Losses**—Another group of recommendations brings tax treatment of various losses into line with normal business practices.

It was discovered, for example, that the special provision in the law aimed at limiting the "hobby losses" of wealthy individuals was keeping some businesses from writing off legitimate business expenses.

The present law provides that where a taxpayer loses more than $50,000 a year for five consecutive years from a business operation, he must figure his tax liability over again, disregarding the excess of losses over $50,000 per year. This was intended to put a ceiling on what could be charged as a loss from a hobby.

The committee recommends that certain types of loss be exempted from the $50,000 limit. These would include: losses due to abandonment, such as a dry well in oil wildcatting; casualty losses, from flood, fire, wind, or drought. In addition, the committee would exempt expenditures that the businessman now has the option to deduct or capitalize. This would aid those who suffer losses in the exploration and development of mining properties.

• **Losses by Theft**—Deductions for losses due to theft are now generally limited to the year in which they are incurred. But in embezzlement cases, where the losses are likely to be heaviest, the discovery may not be made until the statute of limitations has run out. So the committee recommends that theft losses be deducted hereafter in the year when the taxpayer discovers the loss.

• **Bad Debts**—Deductions for bad business debts are limited in the existing law to debts that become bad while you are carrying on a trade or business. If you go out of business, and then have debts go bad, you have a short-term capital loss instead of an ordinary deduction.

The committee recommends that an ordinary deduction be allowed even if the taxpayer is no longer in business.

• **Reserve for Expenses**—Present law allows a deduction for expenses only when the liability is fixed and the amount is certain. Estimates are not allowed.

Under the suggested revision, estimated reserves could be deducted for such expenses as guarantees under sales or performance contracts, vacation pay, or the cost of handling, packing, and shipping merchandise that's sold but not delivered. The Secretary of the Treasury would be empowered to approve any reserve for estimated expenses that seemed reasonable. But the committee still bars reserves for amounts in litigation, indefinite future losses, or anything labeled "contingency."

IV. Room to Maneuver

The biggest single bundle of revision ideas covers business reorganizations, stock distributions, and the rules governing liquidation—24 pages of the toughest kind of going for tax specialists.

The philosophy running through the committee's changes is that corporations and partnerships should have more room to maneuver—whether it involves mergers, purchases, internal financing, or just plain going out of business.

• **Reorganizations**—A major problem in corporation reorganizations, for example, has been figuring out in advance whether the reorganization will be tax-free or not. Even the best of the professionals can't tell in some cases. So the committee turned out a series of recommendations to make the tax consequences clearer.

One suggestion is simply to lengthen the list of reorganizations that specifically qualify as tax-free. For example, the committee voted to allow a corporation to make a tax free distribution of stock in another corporation that it controls. Another change would allow a corporation to put its assets into a holding company, then to distribute stock in the holding company tax free to its own stockholders.

• **Relief for Heirs**—An old complaint of owners of tightly held businesses—that the present laws put a crushing tax burden on heirs—got at least a partial answer in another group of revisions. The present law allows heirs to redeem stock at capital gains rates where it is used for death taxes and the stock has at least 35% of the gross estate. The committee would broaden this to include 50% of the net estate. It also voted to allow stock to be redeemed at the capital gains rate to meet administrative and funeral expenses.

• **Stock Dividends**—Under present law, you are not taxed on receipt of any common stock dividend issued on common stock. But the law is not clear what happens if you receive a dividend of preferred stock on your common. Often, this has been ruled to be taxable as ordinary income.

The committee recommends a set of rules that will tell corporations exactly how they can issue preferred stock dividends on common shares with the same tax advantages as dividends of common on common.

In general, stock distributions of any type are to be tax-free unless they are in lieu of payments for dividends on preferred stock or interest on bonds. But where a stockholder has a choice between receiving money or stock, stock



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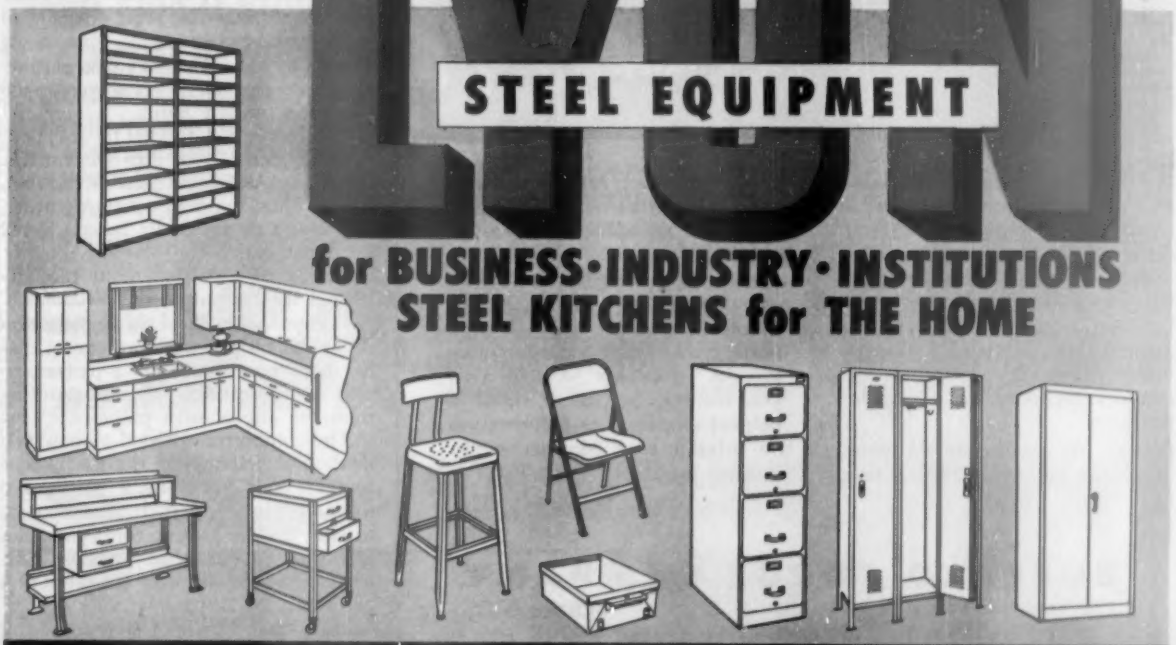
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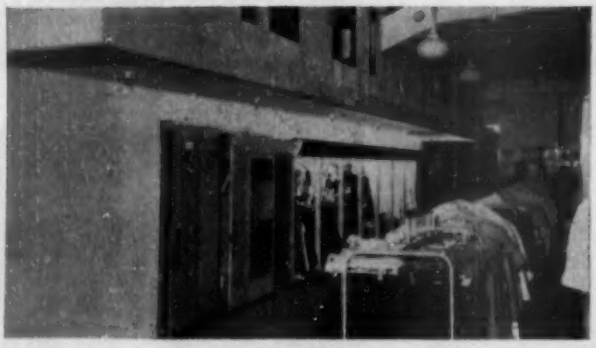
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distributions will continue to be taxable, as under present law.

• **Stock Rights**—Most investors are hopelessly confused by complicated instructions in the tax laws about applying a cost basis to stock rights. The growing practice of issuing rights as part of corporate financing means share owners get deeper and deeper into a bog of calculations based on cost of their original holdings. Even the experts are often baffled.

The purpose of the existing formula, of course, is to assign a cost basis to the stock rights for tax purposes. Under the committee's suggested plan, if the shareholder's new rights come to less than 15% of the stock he already owns, he can simply assume that the cost is zero. If he sells the stock later, he pays the 25% capital gain tax on the entire profits.

If the dividend amounts to 15% or more of his holdings, he must continue to use the present formula.

• **Liquidation**—One of the toughest problems in a tax law involves proceeds from the sale of assets when a corporation liquidates. The present law has been so interpreted that sometimes a tax is levied twice—once when the physical assets are sold, and again when the stockholders receive their share of the proceeds.

To avoid this, the committee decided to knock out the tax at the corporate level. This allows IRS to collect only once—from stockholders in the final phase of liquidation.

• **Partnerships**—When the committee held its hearings last year, a parade of small businessmen made one thing clear: The tax rules governing partnerships are messy, contradictory, and sometimes unduly harsh.

The committee decided to treat partnerships generally as separate entities, rather than as mere agents of the partners as individuals. However, a partnership won't automatically be considered a taxable entity—the partners retain a choice as to how they want property treated for tax purposes.

The new rules affect the depreciation deduction on partnership property that has been contributed by a partner, as well as tax treatment of gains resulting from the sale of such property.

The committee adopted a simplified method of determining the tax basis of property distributed by a partnership to one of the partners. It also proposes to clear up the present confusing rules governing payments to a retiring partner and the tax effects of the death of a partner.

V. Loopholes

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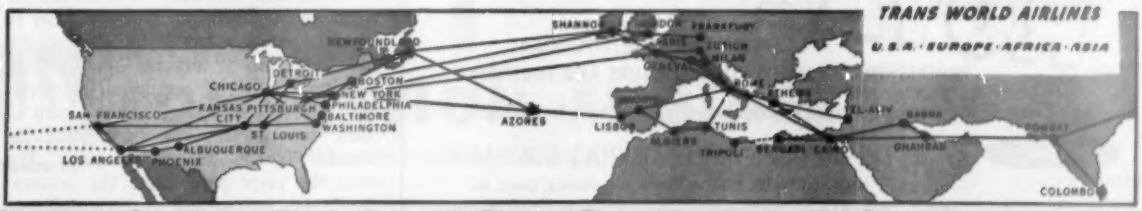


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result of deliberate congressional policy. Other times it results from a fuzzy bit of language in the revenue code. The committee has recommended changes that would plug some of the best-known examples of both kinds.

• **Tax-Exempt Bonds**—Only this week the committee reversed itself, after a hot fight, on a recommendation to wipe out the tax-free status of industrial development bonds—the type used, mostly in the South, to bring new industries into a community.

Up to now, these bonds—issued by state or local governments—have enjoyed tax-free status as other state and local government issues. Congressmen from New England have long complained that this is a major reason for the migration of industry out of their area.

In a vote split on regional lines, the committee decided to end this type of tax exemption. But the howl was so loud, and so many borderline cases were cited, that the committee adopted a different tack: The bonds will continue to be tax-exempt, but businesses leasing the plants won't be allowed to write off their rent payments as business expenses.

• **"Bail-Out" Blocked**—The courts have approved a method by which a closely held corporation can get income into the hands of a controlling stockholder without paying the ordinary tax. This "bail-out" loophole is used like this:

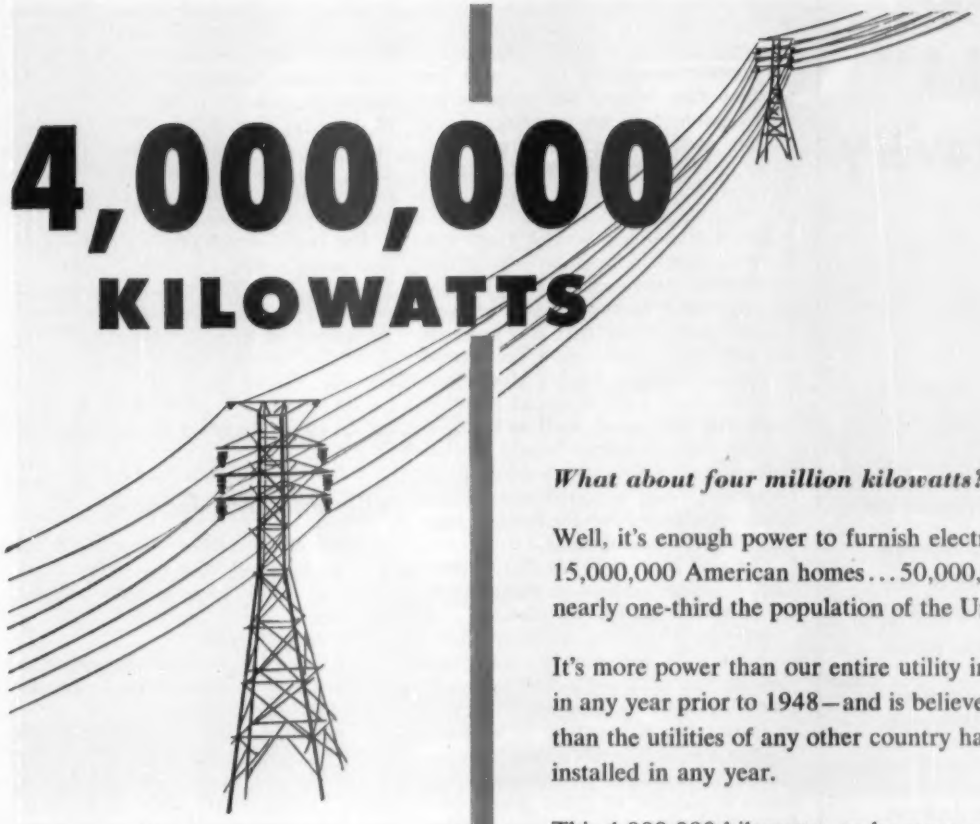
A dividend in preferred stock is declared to the controlling stockholder in a way that leaves the new issue tax free. The next step is to sell this special issue to some person outside the corporation. The corporation then completes the round-robin by redeeming the issue in cash. This leaves the original recipient of the issue with the money he received from the outside buyer. He is required to pay only the capital gains tax of 25%, instead of having to pay ordinary rates.

To plug this loophole, the committee would impose an 85% transfer tax on the corporation if it redeems the preferred stock within 10 years.

• **Buying a Tax Loss**—According to existing law, if a corporation is bought mainly so the purchaser can take advantage of any tax benefits involved, the benefits are to be disallowed. To put teeth into the law, the committee worked out a formula to be applied by the tax collectors.

First, the Treasury would be instructed to determine the tax basis of the purchased property. Next, it would add the value of any tax benefits that go along with the purchased property, such as loss carryovers. If the sum of these two figures—tax basis plus tax benefits—comes to substantially less than the price paid, then the revenue agent must presume that the purchasers

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acquired the property primarily to avoid income taxes. Any tax benefits that came with the purchased property are to be denied.

However, taxpayers could still try to show they bought the property for other reasons than tax avoidance. Such reasons may, in practice, turn out to be so broadly accepted by the Internal Revenue Service that the new rule will be meaningless.

• **The Collapsibles**—Several years ago, Congress tried to make it unprofitable to organize a corporation for a limited purpose, then have it go out of business in such a way that the proceeds fall under the capital gains tax instead of ordinary income taxes. Movie stars used the trick first; it spread to other single-shot enterprises such as builders.

Now the committee would further tighten the tax collector's hold on these operations. And it added a brand-new touch—clamping down for the first time on collapsible partnerships.

The new blow at collapsible corporations is in the form of an exception to the general rule for liquidations. It states that where the inventory items in liquidation represent an important part of the corporation's assets, and there has been a substantial increase in their value, the gain is to be taxed at ordinary income tax rates.

In recent years, partnerships have found it possible to throw profits into the capital gains tax area by a number of devices.

In an effort to throw such income under ordinary tax rates, the committee recommends that capital gains treatment be denied proceeds that result from an appreciable increase in the value of "stock in trade" or from unrealized receivables or fees.

VI. Tax Speed-Up

In his tax message to Congress, President Eisenhower suggested that, beginning next year, corporation tax payments be speeded up by six months.

He pointed out that, under the Mills Plan, corporations in 1955 will be paying taxes on 1954 income in two equal installments, falling in March and June.

The President recommended that corporations be required to estimate what their profits were going to be in calendar 1955, and that they be required to pay 5% of their estimated tax in September, and another 5% in December. He would step up these payments gradually until they reached 25% each in 1959.

VII. Dividend Taxation

The Administration plans to allow some dividend income to be subtracted from taxes. It's an answer to the familiar complaint that dividends are subjected to double taxation—once as profits in the hands of the corporation, and again as personal income in the hands of the share owner.

As a start, Eisenhower and the committee recommended that the first $50 of dividend income be subtracted from taxable income this year, and $100 hereafter. This is to relieve small shareholders of a lot of extra figuring on income tax returns.

For larger shareholders—about 3-million persons—the approach is different. In addition to the basic deduction, a percentage of dividend income would be subtracted from the tax itself. The deduction allowed the first year would be only 5% of dividends that are received after July 1, 1954, rising to 15% on dividends received in the last half of 1956.

VIII. Personal Income

Most of the other changes classed by the Administration as personal income tax relief center around domestic problems.

The range is wide:

• One change would allow alimony paid without a court order to be deducted as an expense.

• Another allows foster children to be taken as dependents.

• Medical deductions would be eased. The maximum would be doubled, and deductions would start on amounts over 3% of adjusted gross income instead of the present 5%.

• Children up to 19, and students beyond that age, would be allowed to earn more than $600 a year without losing their status as dependents.

• Carrying charges on installment purchases that don't qualify now as deductible interest would be allowed.

• Retired people would have a more liberal method of reporting income from annuities.

• Scholarships and fellowships for students would be tax-exempt.

• Payments received under employee health plans would be exempt; there is still a question about those from noninsured plans.

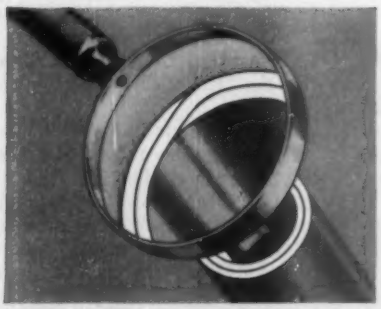
• **Tightening, Too**—At the same time, some rules affecting individuals have been tightened, too. Health benefits over $100 a week—if paid for less of wages—would no longer be tax-free, even if from otherwise qualified plans. And living expenses away from home, even under a doctor's orders, would no longer be allowed to count as medical expenses.

Interest on money borrowed to purchase single-premium annuities could no longer be deducted. And interest payments received by beneficiaries of matured insurance left on deposit would be taxable if they came from funds in excess of $50,000.



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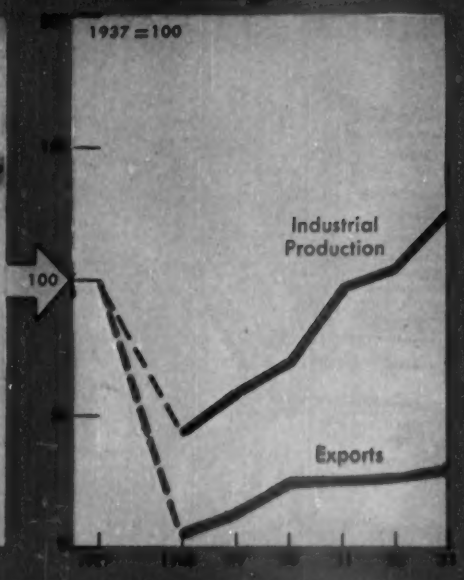
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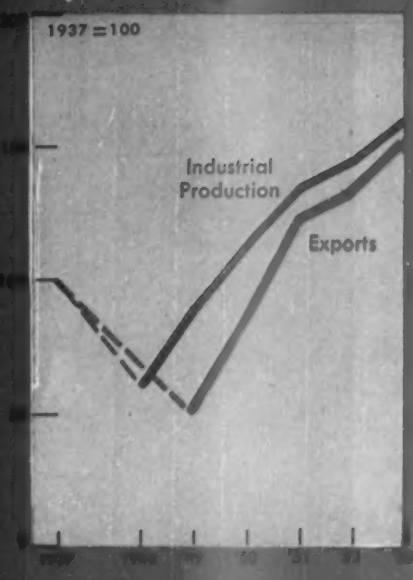
JAPAN's Postwar Economy . . .





Defeated Japan, overcrowded and shorn of empire, makes halting comeback. Easygoing policies, based on U.S. aid, backfire . . .

. . . vs. Germany's



. . . Defeated, divided Germany surged back on free economy . . .

Will Belated Austerity Turn the Tide

Japan is in trouble. Unlike Britain and Germany, it hasn't used the last five or six years in a really determined effort to rebuild its economic strength. Its problems now are so serious that the U. S. may have to make some big changes in its objectives and policies in Asia.

Not long ago, the U. S. was counting on Britain, West Germany, and Japan as its main bulwarks against communism—and solid ones, at that. Britain and West Germany are still solid; their prospering economies are barren ground for Communist propaganda (charts). Japan is shaky; and, by the looks of things, the worst is yet to come.

• **Balance**—Boiled down to essentials, Japan's problem is the same as one Britain and West Germany faced after the war: how to sell enough goods abroad to pay for essential imports. The two European nations have solved the problem, at least temporarily. Japan hasn't by a long shot.

In 1953, Japan fell almost a billion dollars short of paying for its imports with exports. Import totaled $2.1-billion; exports, $1.1-billion. It covered the deficit only because U. S. military spending in Japan (most of it for Korea) added up to about $800-million during the year. And even then, Japan's balance of payments was about $200-million in the red.

Now it's obvious that, barring a renewal of fighting in Korea, U. S. spending in Japan will fall drastically in the next two or three years, perhaps down to $200-million a year. This means, in rough terms, that Japan must either cut imports, or boost exports, by some $800-million a year over the next two or three years.

The best hope for imports is that they can be cut by $200-million or $300-million. A bigger cut than that would pinch Japanese living standards dangerously. The only other way out would be a 50% increase in exports—a tough proposition in the face of rising British, German, and American competition.

• **Program**—This harsh reality has jolted Prime Minister Yoshida's government into launching an austerity program—a salvage operation based on restriction rather than expansion. It runs in just the opposite direction to the economic trends in Britain and Germany.

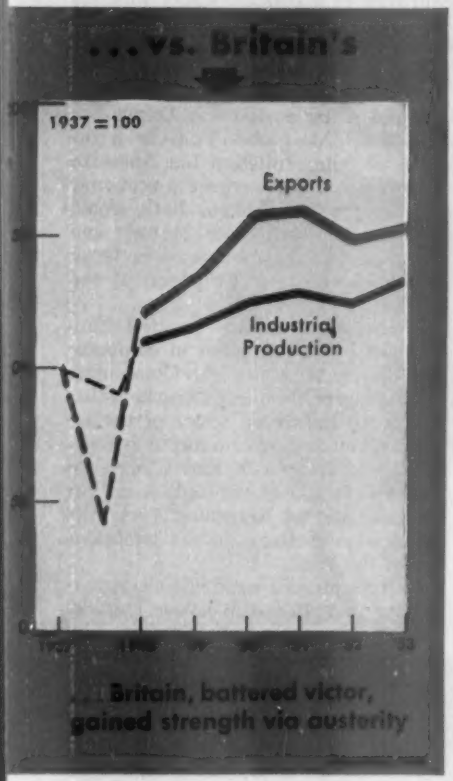
Yoshida's program, now before the Japanese Diet, has three main elements:

• A "superbalanced" budget. Government expenditures for the fiscal year 1954-55 have been fixed at 1-trillion yen —91-billion yen less than the previous fiscal year. Revenue is estimated at something like 1.2-trillion yen, though neither the Diet nor the public is being told this.

• A tight money policy. This is expected, among other things, to cut back private investment by 30-billion yen. Domestic consumption is to be held down, also, by an increase in indirect taxation—especially by sales taxes on luxury goods like large cars, refrigerators, TV sets, gasoline, and liquor.

• Imports, especially of luxury goods, will be cut by direct import curbs as well as by the new taxes and the tight money policy. (There's a plan, too, to boost silk exports to the dollar area by using a special sales tax that will reduce domestic consumption of silk, thus free more for export.)

This program is supposed to cut prices in Japan by 5% to 10%, thus helping exports. At the same time, it's expected to reduce imports substan-



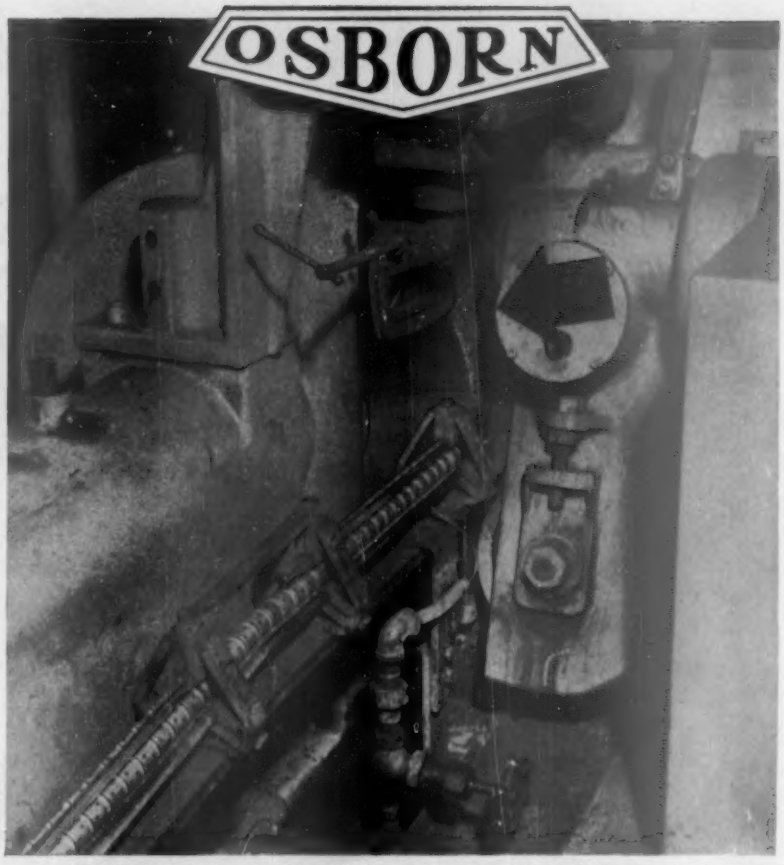
for Japan?

tially. The target is a net improvement of $250-million in Japan's trade balance.

• **Trouble**—It's too soon to tell how much of this program Yoshida can get approved. Immediate reaction to it was a howl of protest. Two cabinet ministers resigned, four government officials were physically assaulted, the Ministry of Finance was mobbed repeatedly. But the cabinet finally approved the new measures.

More trouble undoubtedly lies ahead. Japanese labor plans to mount a mammoth wage struggle this spring, and the chances are it will succeed in getting at least compromise wage boosts. At the same time, business expects to feel a real financial pinch by next fall. So before then, Japanese businessmen will be pressing the government and the Diet for relief—either credit relaxations or some form of subsidy.

• **More Needed?**—Even if Yoshida's plan should go through without a hitch, it's far from certain that it would achieve the expected results. Some Japanese officials and economists believe that prices in Japan must be forced down by at least 20% before the country can hope to get its trade into



Closeup of Osborn Brush used on this job. Combination of wire and horsehair sections cleans and finishes the parts.

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balance. Others think the drastic kind of reforms needed by Japan won't come until after a serious financial crisis. And then, they believe, the Japanese people will turn to a political leader who has not been so closely tied as Yoshida has to the U.S. occupation and to American policy in Korea.

Leadership in Japan might then be taken over by a radical militarist like ex-Colonel Masanobu Tsuji or a devotee of state capitalism like Shinsuke Kishikishi, who was once top economic planner for Manchukuo. Both would tend to favor the state controls and cartel policies that were used in Japan during the expansionist period of the 1930s.

• **Communism**—Japan's political horizon also has a suggestion of communism, despite the strong anti-Communist orientation of the Japanese man-in-the-street. An influential sector of the industrial and trading community is eager to expand trade with Red China—not only for the sake of the trade itself, but also as a sort of bargaining level with which to pry better economic treatment out of the West.

What's more, a neutralist element is gaining strength fast in Japan. This element has a strong anti-American bias. A "peace" movement, led officially by Socialists, is actively supported and infiltrated by Communists. This movement has sponsored a flood of books, movies, and published articles dwelling on the horrors of Hiroshima and Nagasaki, on the sordid aspects of U.S. troops' relations with the communities in which they are stationed. The most popular brand of Japanese cigarette is named "Peace."

Both the industrial group and the neutralist group see the Red Chinese market as the major escape route for the Japanese economy. They see Japan as the "factory of the Orient," the "Switzerland of Asia."

• **Comparison**—Any way you cut it, there's no escaping the fact that Japan has postponed action in the economic field for so long that events may now lead into channels the U.S. won't like. There was a chance, back in 1949-50, to avoid this situation. At that time, Joseph Dodge, now President Eisenhower's Director of the Budget, had a tight money policy operating successfully in Japan. But this was pretty much washed out by the Korean War, which covered Japan's trade deficit and made business easy to get for Japanese heavy industry. Since then Japan has lived on the Korean bonanza, sheltered from the hard economic facts of the world market-place.

Compare this with what has happened in West Germany and Britain. Both have had large infusions of American financial aid. But both worked hard to balance their trade; and when

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they did, aid was cut off. Compare Japan's situation, particularly, with that of Germany—another defeated, occupied nation that started its postwar life with much the same handicaps.

The economic upsurge in Germany has been steady ever since June, 1948, when a currency reform was imposed by the occupation and the Germans themselves established a free economy policy (Special Report, BW—Dec.12'53,p100). You can get a good idea of why Japan is wobbly today and Germany solid if you look into these four fields:

Politics—West Germany has produced not only a responsible two-party political system but also leadership that pretty well matches up to anything in the world. Skilful as Yoshida has been as a politician, he doesn't stack up with Chancellor Konrad Adenauer as a leader who was prepared to face, and deal with, his country's basic economic and political problems. And Japan has produced no counterparts to Economics Minister Ludwig Erhard and Finance Minister Fritz Schaeffer.

Business management—Japan's business leaders are neither so aggressive nor so hard working as Germany's. An American businessman in Japan, who helps run a joint enterprise with Japanese interests, says that he turns out 20 to 30 letters a day compared with one or two by his Japanese counterpart. Also, there's a tendency by Japanese management to sit back and wait for the government to make special concessions that will make it unnecessary to get down to work reducing costs and developing markets. On top of that is the fact that the Japanese, unlike the Germans and British, never have been technical innovators. Indeed the industrial revolution came so late in Japan that there's only a thin technological crust there.

Investment. The attitude of Japanese management largely explains why capital investment in Japan runs at only 11% of gross national expenditures, whereas in Germany it is about 25%. Moreover, in Japan, less than half the money invested goes into equipment. In Germany, the percentage is 58%. A Japanese businessman who recently returned from Germany remarked that Japanese business rebuilt its office buildings first, while the Germans rebuilt their laboratories and plants.

Labor. Japanese labor has been more concerned with fighting for a bigger share of the national cake than with enlarging the size of the cake. By contrast, German labor has held back on wage demands, worked along with management to reestablish a solid economic base so that Germany would be competitive in world markets. In addition, there's not the same tradition of industrial skill in Japan.

The occupation itself, too, had a different kind of impact on the two countries. In Germany, at least since 1948, the occupation on the whole reinforced the dynamic qualities of the German people. But the long American occupation in Japan, which didn't begin to relax until about two years later than in Germany, shielded the Japanese from the full impact of defeat and insulated them from responsibility for managing their affairs, both private and public. Then, when a change might have come, the Korean war had much the same effect.



Bad Break for Britannia Transport

Hard luck has dogged British aviation so far this year. Mishaps involving the de-Havilland Comet jetliner, climaxed by the still unexplained explosion over the Mediterranean in January, grounded the entire Comet fleet. Then last week a second white hope—the long-range Bristol Britannia turboprop transport (above)—crashed near Bristol, a partial loss. It was one of two prototypes of the huge, 100-passenger craft; British Overseas Airways Corp. has 33 on order. Nonetheless, Britons mean to keep the planes flying: The Comet should return to service next month and the first production model Britannia is due before the end of the year.

A Flexible 25%

Foreign business suspects new U.S. barrier to bids, but conflicting evidence leaves it puzzled.

Last week the Interior Dept. came up with a couple of decisions that left foreign businessmen wondering just what the yardstick was on the Buy American Act. On paper, a foreign bid has to be at least 25% below the lowest American figure in order to win a federal contract. But . . .

• Early in the week, Interior accepted a $404,000 bid by Moloney Electric Co. of St. Louis to supply transformers for a hydroelectric project. It rejected a $268,000 bid by American Elin Co., an Austrian maker of electrical equipment. The action followed a similar move in mid-January when a $558,000 Elin bid was spurned in favor of Westinghouse, which bid $771,000. In both cases, Interior said that Elin lacked experience in building the type of transformer that was wanted, though the 60-year-old company hotly denied this.

• Later last week, Interior apparently reversed its stand, accepting a $223,000 bid by Elin on another project. The lowest American bid was $358,000.

In effect, foreign businessmen wanted to know whether the 25% differential had been restored to good standing. They had always considered the figure a stiff one, but at least they had known where they stood. In these cases Elin had gone below the 25% limit three times, and had received only one contract.

• **The Law**—Actually, the law says the government must buy from U.S. suppliers unless:

• The domestic cost is unreasonable, a point defined as 25% above a foreign bid.

• It is in the public interest to buy abroad.

For years, the 25% item has been a major deterrent for foreign companies seeking to invade the American market.

But, now that foreign bidders are shooting under the limit, they are beginning to think that Interior is devising new roadblocks.

Foreign bidders know there is growing domestic pressure for this, featuring strong complaints by Westinghouse and General Electric that heavy equipment awards to foreigners are hurting sectors of U.S. industry that are essential to defense (BW—Dec.19 '53,p140).

The public interest clause, for its part, has rarely been invoked. The main



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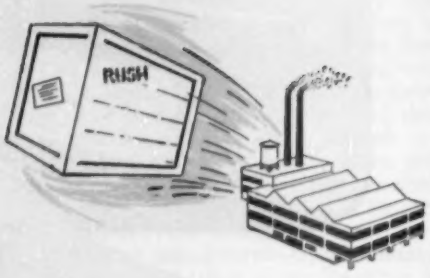
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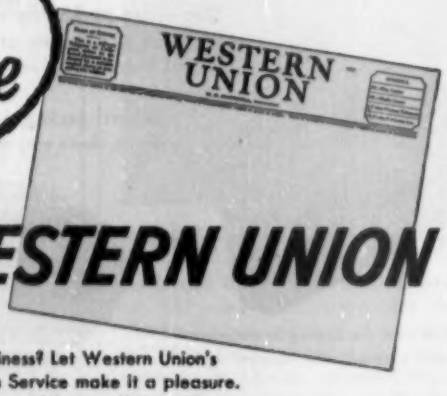
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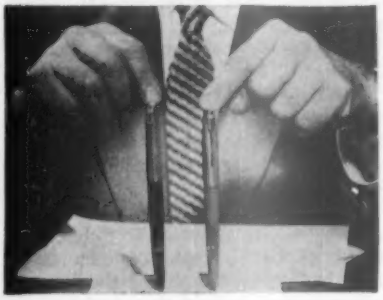
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exceptions came in the later days of the Truman administration, when Deputy Defense Secretary William Foster put foreign and U.S. companies on an equal footing in bidding for military procurement. With President Eisenhower in office, Defense Secretary Charles E. Wilson has not used the policy to any extent.

• **Randall Report**—Varying interpretations of the Buy American Act take on added interest from the efforts of the Administration to liberalize trade. The Randall Commission report has urged Eisenhower to use the law to increase, not limit, foreign trade (BW—Jan.30 '54,p118).

The report said that U.S. agencies should stress the public interest clause, rather than the 25% limit or other rules of thumb. Observers are inclined to believe that the President will go along with the commission's recommendations when he sends Congress his special message on foreign policy in March.

BUSINESS ABROAD BRIEFS



Parker Pen Co., troubled before with Japanese and Italian imitations (BW—Feb.2'52,p134), now faces Russian counterfeiters. Parker says its "51" pen (right) has been copied by the Russians with their "Leningrad" (left). So far, few have been exported; but no matter how many, there's little or nothing that Parker could do about it.

•

U.S. trade in 1953 topped the previous year in both exports and imports. U.S. sent a record $15.7-billion worth of goods abroad (including $3.5-billion in military aid), to beat the 1947 mark of $15.3-billion. U.S. imports came to $10.9-billion, a $160-million gain over 1952.

•

Conorado Petroleum Corp., owned jointly by three oil companies—Continental, Ohio, and Amerada—will spend $8-million in the next six years looking for oil in Egypt. The 30-year concession promises the Egyptian government royalties from 15% to 25% on any oil that Conorado finds.



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Today's giant forge presses develop pressures measured in tons per square inch, yet hold tolerances that would put a blacksmith to shame. Key parts are super-tough dies made from special alloy steels.



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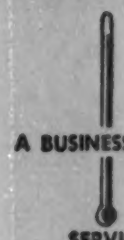
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INTERNATIONAL OUTLOOK



The conference in Berlin entered its decisive stage at midweek.

Both sides have stood firm. No break in the East-West log jam is in sight so far. In fact, Berlin may end next week with little or no real agreement between Molotov and the Western governments.

That of itself wouldn't mean that the Russians want to fire up international tensions once again (page 27). **Instead,** the diplomatic war, words and maneuvers, will continue. **And you can expect some further,** critical tests of Allied unity.

Molotov's trump card—the proposal for an all-Europe security pact—won't be accepted by the West. Its primary aim, of course, is to force a U.S. withdrawal from Western Europe.

But the idea will have powerful propaganda appeal to many Europeans.

Glittering offers of increased Soviet trade with the West are just as much a part of Molotov's game as the peace pact.

Last week you had the $1-billion-plus offer to British business, timed to tie in with the Berlin meetings. Now there are reports that an even grander Russian trade offer—for all the West—will be thrown into the hopper.

Indo-China, too, is important in the Moscow game.

—•—

It would be a mistake to exaggerate the seriousness of the military situation in Indo-China right now.

There's little danger of an imminent French collapse, no great change in the strategic picture despite recent rebel drives. The rainy season, coming soon, will end important military operations for months.

Military stalemate rules, with neither side able to win a clear-cut victory. Indo-China remains primarily a political problem.

The key lies in Berlin and Paris. The Communist stab into Laos was timed to put maximum pressure on flagging French morale. Molotov continues to play on French hopes for an end to the war.

The U.S. will increase its aid in money and machines. At the same time, we'll try to buoy the Laniel government, perhaps even agreeing to Five Power talks on Indo-China.

—•—

The new Soviet-Finnish trade deal shows how anxious the Russians are to keep up their imports.

Helsinki threatened to slash its eastbound exports unless the Russians paid up in hard currencies, which Finland could use to buy Western goods. The Soviets finally agreed—to the tune of a $10-million credit payable in gold, and promised to pay hard currencies for some Finnish goods this year.

It's a credit to Finnish astuteness that no political strings are attached.

The Finns turned a nice deal with the U.S. this week, too.

The U.S. will sell $5-million worth of surplus cotton and tobacco to Finland. Payment will be in the form of Finnish products shipped to nations receiving U.S. economic aid.

It's the first such surplus deal under the Mutual Security Act. Everybody wins: The U. S. gets rid of some surplus and supplies aid; the Finns get needed dollar farm products plus guaranteed exports to new markets.

Watch the upcoming discussions over the European Payments Union for a clue to the future of sterling convertibility (BW—Feb.6'54,p102).

EPU is up for renewal, and London and West Germany are haggling over terms. Germany, with a hefty surplus in EPU, wants the rules changed. Credits would be repaid, persistent surpluses settled 70% in gold, only 30% in credit, instead of the 50-50 arrangement now.

But the British have a large trade debt to EPU. A 70% gold repayment would put a heavy strain on London's reserves.

That could lead to new British import curbs—and postponement of any sterling convertibility plans.

—•—

London has a battle on its hands with businessmen at home over the new trade agreement with Japan. The Lancashire cotton industry, for one, sees a flood of cut-rate Japanese goods menacing its Commonwealth markets.

The trade and payments pact involves an exchange of some £200-million worth of goods each way between Japan and the sterling area. It allows colonies, which have barred Japanese goods, to begin importing textiles, toys, paper, pottery, lamps, and so on.

British businessmen in these industries are hopping mad.

Other Britons—machinery and vehicle exporters, for example—welcome the pact. It will keep them in the running against competition, mainly Germany, in the Japanese market.

From the free world's point of view, the sterling deal is just what the doctor ordered for Japan's shaky economy (page 148).

Japan needs greater export markets if it is to reduce a towering trade deficit. The shortage of sterling, particularly, was becoming serious.

—•—

The bitter charges and countercharges surrounding Guatemala will color the upcoming Organization of American States meeting at Caracas. The Guatemalans may try to win Latin American sympathy by citing U. S.-hatched "plots" against its sovereignty.

U. S. officials expect Latin American support if the Guatemalans try to turn the session into a propaganda fiesta. But there's no likelihood of any kind of joint hemisphere action against the Guatemalan government.

Ways of stimulating Latin American economic development will be the most important item on the Caracas agenda.

Washington will stress things Latins can do to create a better investment climate in their countries. Latin Americans will come back with demands for higher, steadier prices for their products in the world market.

There'll be one bit of good news for the Good Neighbors. Under the impact of the Milton Eisenhower and Randall Commission reports, the Treasury Dept. is going to loosen the reins on Export-Import Bank lending for development projects (BW—Aug.15'53,p136).

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A rural plant site with plenty of labor available

There are many potential industrial sites in rural America, but most are far away from an adequate labor supply.

Labor supply is one of the remarkable features of this Fernald industrial development. It is actually easier to get to it from the fast-growing northwestern suburbs of Cincinnati than to get from these same suburbs to the center of the city. And Fernald is also only 12 miles from industrial Hamilton.

Another unusual advantage is that it lies in the broad, level, well-drained valley of a river that is no longer there – the glacier changed its course. But down beneath the glacial gravel there is an almost limitless supply of fine water.

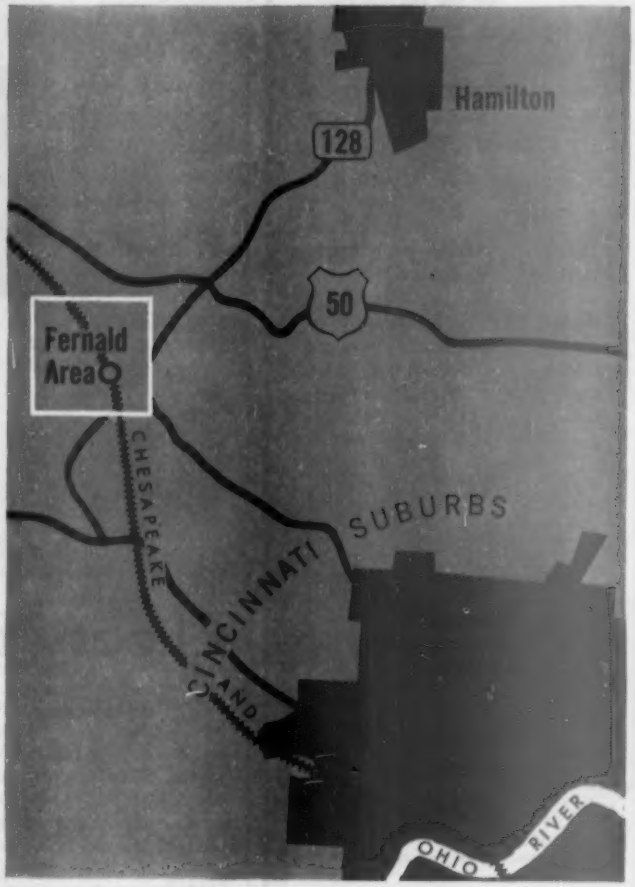
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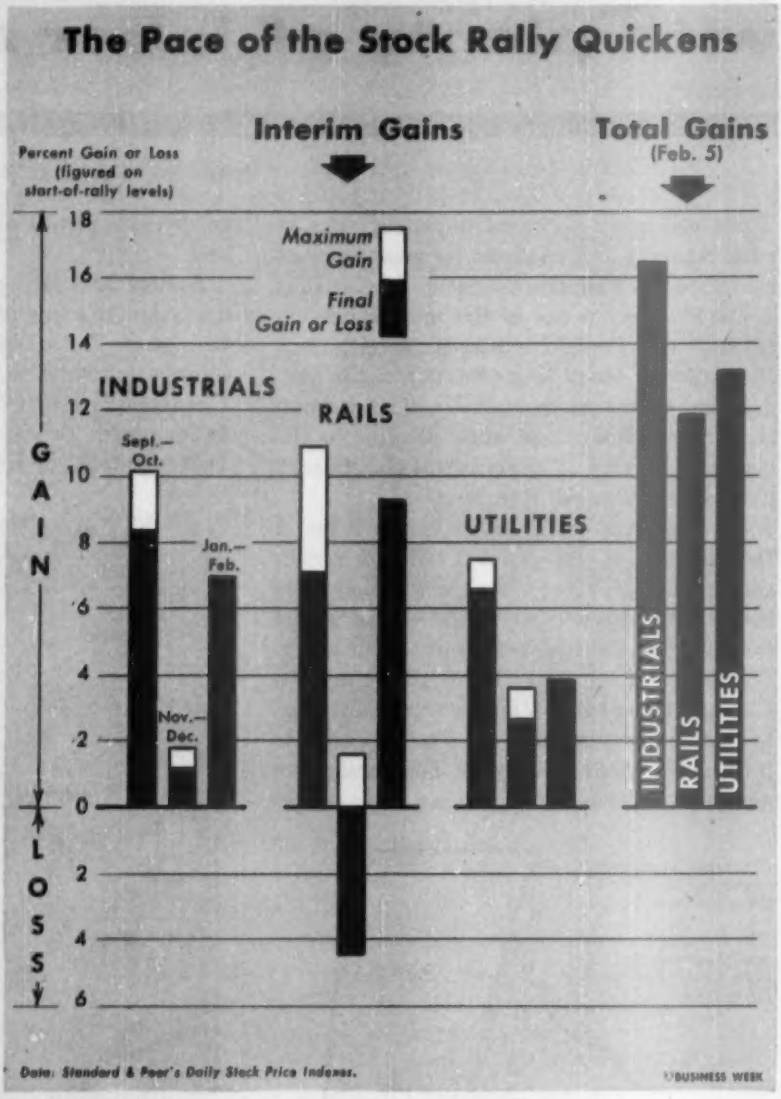
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THE MARKETS



Choosy Buyers Widen Hunt

Stocks continue to inch high on the Big Board. As the chart above shows, the base of the rise is becoming broader. In the past week an increasing number of utilities and rails have joined the upward climb that started with the industrials (BW–Feb.6'54,p27).

Investors are picking from a wider field, but at the same time they are becoming more choosy as to which stock, or trade group, they will favor. You can see in the tabulation (opposite) that chemicals, electrical equipment makers, the oils, and other growth stocks are getting the call among the industrials.

• **Still Ahead**—Despite the broadening base, industrials remain dominant. Standard & Poor's index of 420 industrials has climbed to 216.7 (the base is 1935-1939 = 100). That's only a shade below the 217.1 record in the last week of 1952.

Abroad, there is similar strength. On the London Stock Exchange, industrials this week soared to new peaks (page 158).

Market bulls say there are sound reasons behind the advances:

• The feeling is growing, they contend, that the well-advertised decline in business may not be so bad as was expected.

• They hold that plans in Washington to reduce the double taxation on

dividends can be a bigger boost to income than many realize.

It takes two to make a market, however, and for each Wall Street bull there is a bear. The latter still view the outlook as somewhat clouded, with new cutbacks in consumer production possible if buyers fail to absorb current output.

Also they are not too sure that reducing the double tax take on dividends will become a fact.

• **Bonds Gain**—One decidedly favorable factor for stocks was new strength in the bond market, which daily is pushing bond yields lower, making current dividends on stocks relatively more attractive.

Shares got another boost last week when the Federal Reserve reduced the rediscount rate from 2% to 1¾%, cutting its charge for lending money to commercial banks. This, in turn, can mean lower interest rates for business borrowers.

The surprise action was interpreted as meaning the Fed is leaning over backward to make sure its money policies do not aggravate the "rolling readjustment" under way in business (page 18).

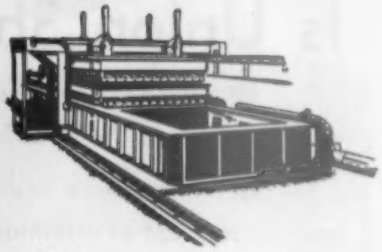
It was the first reduction in the rediscount rate since August, 1937.

The Current Rally in Stocks: Box Score to Date

Stock Group	Rally gain to date	The gain by periods* Sept.-Oct.	Nov.-Dec.	Jan.-Feb.‡
Electrical equipment	+33.4%	+14.4%	+ 9.2%	+ 9.8%
Aircraft manufacturing	+32.5	+12.9	+10.0	+ 9.6
Tires, rubber goods	+32.2	+12.2	+ 9.7	+10.3
Machine tools	+30.8	+13.7	− 0.3	+17.4
Paper	+28.8	+ 8.6	+10.7	+ 9.5
Aluminum	+25.1	+ 8.7	+ 7.8	+ 8.6
Finance companies	+23.6	+ 9.4	+ 4.3	+ 9.9
Printing, publishing	+22.2	+ 9.7	+ 6.4	+ 6.1
Office, business equipment	+20.3	+ 2.3	+ 7.4	+10.6
Building materials	+19.8	+ 4.1	+ 7.2	+ 8.5
Ethical drugs	+19.2	+ 6.1	+ 3.6	+ 9.5
Motion pictures	+19.2	+ 0.2	+15.9	+ 3.1
Vegetable oils	+17.8	+ 4.3	+ 1.5	+12.0
Auto parts, accessories	+17.6	+ 8.3	+ 0.4	+ 8.9
Auto trucks	+17.6	+19.6	− 6.4	+ 4.4
Steel	+17.5	+10.0	+ 0.2	+ 7.3
Oil—crude producers	+16.1	+ 2.8	+ 5.0	+ 8.3
Oil—integrated companies	+16.1	+ 4.7	+ 3.0	+ 8.4
Agricultural machinery	+15.7	+ 5.6	− 2.2	+12.3
Shipbuilding	+15.0	+ 5.2	− 3.8	+13.6
Utilities—holding companies	+14.9	+ 7.5	+ 4.2	+ 3.2
Glass containers	+14.7	+ 4.1	+ 4.5	+ 6.1
Railroad equipment	+13.9	+ 4.1	+ 2.8	+ 7.0
Machinery	+13.8	+ 4.2	+ 3.6	+ 6.0
Metal fabricating	+13.4	+18.9	− 6.6	+ 1.1
Proprietary drugs, cosmetics	+13.4	+ 2.0	+11.3	+ 0.1
Distillers	+13.2	+ 4.5	+ 1.9	+ 6.8
Soft drinks	+13.2	+ 1.0	+ 3.0	+ 9.2
Air transport	+12.7	+ 2.7	− 1.4	+11.4
Automobiles	+12.7	+ 7.5	− 1.2	+ 6.4
Chemicals	+12.6	+ 6.2	+ 4.9	+ 1.5
Metal containers	+12.5	+ 9.8	+ 3.2	− 0.5
Natural gas	+12.5	+ 7.7	+ 1.4	+ 3.4
Utilities—operating companies	+12.5	+ 5.9	+ 2.7	+ 3.9
Food chains	+10.6	+ 3.3	+ 8.0	− 0.7
Confectionery	+10.1	+ 2.4	+ 4.3	+ 3.4
Bituminous coal	+ 9.6	+ 0.3	− 0.3	+ 9.6
Copper	+ 9.6	+ 9.0	− 4.4	+ 5.0
TV, electronics	+ 9.4	+ 4.9	− 4.1	+ 8.6
Mail order, general chains	+ 9.0	+ 0.4	+ 6.1	+ 2.5
Department stores	+ 9.0	+ 2.4	+ 0.2	+ 6.4
Fertilizers	+ 8.8	+ 4.2	− 3.4	+ 8.0
Food companies	+ 8.8	+ 3.1	+ 4.6	+ 1.1
Mining, smelting	+ 4.2	+ 3.9	− 6.5	+ 6.8
Shipping	+ 3.6	− 3.9	.....	+ 7.5
Textile weavers	+ 2.0	− 4.8	− 0.4	+ 7.2
Sugar	+ 1.7	− 1.2	− 5.1	+ 8.0
5¢, 10¢, $1 stores	+ 1.5	− 0.5	− 2.2	+ 4.2
Gold mining (U. S.)	+ 1.2	+ 0.9	− 8.5	+ 8.8
Shoes	+ 1.0	+ 1.3	− 1.5	+ 1.2
Lead, zinc	− 1.6	+ 0.2	− 4.2	+ 2.4
Carpets, rugs	− 4.7	+ 1.9	−12.7	+ 6.1
Rayon, acetate yarn	− 7.5	− 9.3	− 0.4	+ 2.2
Leather	− 7.6	− 1.3	−13.9	+ 7.6
Tobacco	−13.4	+ 1.3	−16.8	+ 2.1

Data: Standard & Poor's Weekly Stock Indexes.
** All gains have been figured on basis of September lows.* *‡ Through February 3.*

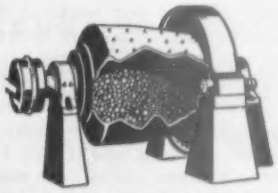
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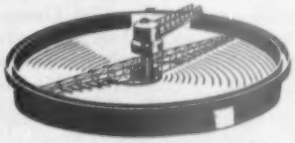
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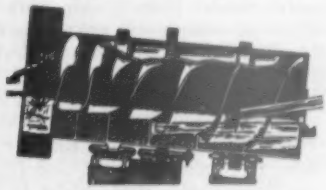
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LABOR

Is Union Shop Illegal?

● A Texas judge says it is—and his decision starts a test case toward the U.S. Supreme Court.

● For a state court decision, this ruling is getting an unusual amount of attention, both from unions and from foes of union-security clauses.

● That's because of its national implications. Lawyers say it's the first time the constitutionality of union shops has been closely studied by the courts.

The next major assault on compulsory unionism—directed against labor's union-shop contracts—will probably come in the courts instead of in Congress. That's the reason for the growing national excitement over a Texas state court decision last weekend that bars the Atchison, Topeka & Santa Fe and 16 "nonoperating" railroad unions from negotiating a union-shop contract.

Issued in behalf of 14 nonunion employees in Texas, the decision affects 10,000 workers employed by the Santa Fe in a dozen states. Its significance is a lot broader than that. Ultimately, the decision may have an impact on contracts that now cover 800,000 off-train employees of other major roads.

The decision by Judge E. C. Nelson holds invalid an act of Congress that "permits" union-shop contracts in the railroad industry. It further rules that compulsory unionism—the union shop as permitted by an amendment to the Railway Labor Act in 1951—deprives individual employees and the railroads of liberties and property rights guaranteed by the U.S. Constitution.

• **Issues for Appeal**—The Santa Fe case—and similar ones in 15 other states attacking compulsory unionism—will be fought all the way up to the U.S. Supreme Court.

The issue may be limited, on appeal, to very narrow bounds: whether the 1951 amendment to the Railway Labor Act (1) is constitutional, and (2) takes precedence over state "right to work" laws such as the one in Texas.

But if foes of the union shop have their way, the case will be carried to the high court on a crucial basic issue: whether a union-shop agreement violates constitutional guarantees as Judge Nelson seems to say it does.

• **Broad Effects**—So far, labor's attorneys in Washington scoff at the probability that a constitutional test of the union shop looms. Nevertheless, they are watching developments. At last count, more than 65% of all industrial workers covered by labor contracts were under union-shop contracts. With so much at stake, unions outside the railroad industry don't want to let the Santa Fe case build up into a general test of the union shop.

Under the circumstances, what started out as just another states' rights case has assumed national importance.

Last May, 14 nonunion employees of the Santa Fe went to court in Texas to enjoin the carrier and unions from negotiating and enforcing a union-shop contract—which would force them to join one of the unions within 60 days or lose their jobs. The plaintiffs said the contract, if signed, would violate the Texas "right to work" law, which outlaws any form of compulsion to join a union.

At the time, the Santa Fe was fighting against demands for a union shop, and it joined the employees in their complaint.

• **Coming to a Head**—Legal proceedings dragged through a succession of court maneuvers and delaying actions. Rail unionists accused the road of trying to get out of "real collective bargaining" with the unions.

Last October, the Amarillo (Tex.) district court granted the plaintiffs a temporary injunction, which Judge Nelson made permanent last weekend. The court's action bars both the execution of a union-shop contract and any union strike action against the Santa Fe aimed at forcing compulsory unionism in any form.

Foes of compulsory unionism hailed the decision as a significant victory. It was the first time, they said, that the constitutionality of the union shop had been brought under specific legal scrutiny.

• **Quotes**—Certainly, Judge Nelson's nine-page opinion went far in condemning the union-shop form of contract. It held:

• "The making and enforcing of a union-shop agreement such as proposed by the defendants [the nonoperating unions] would deprive the plaintiffs [the 14 nonunion employees] and the Santa Fe of rights guaranteed them under the Constitution"—specifically, under the First, Fifth, Ninth, Tenth, Eleventh, and Thirteenth Amendments.

• Such a union-shop agreement would also violate "essential and inherent rights of man," regardless of constitutional provisions. The judge commented that any law or agreement that abridges a person's right to work at any ordinary vocation effectively denies "to him his liberty, the pursuit of happiness, the means of livelihood."

• "Man must be free to exercise his own choice as to whether he shall, or shall not, belong to a given organization; to require his membership as a condition to his right to work is repugnant to the simplest concepts of freedom."

• And—in regard to the union-shop amendment of the Railway Labor Act in 1951: "Congress has no right to enact legislation making union membership a test of the right to work for a carrier engaged in interstate commerce."

NLRB Spells Out Its Free Speech Policy

The National Labor Relations Board last week unanimously stuck to its relaxed policy on employer "free speech"—despite union protests over the past month. At the same time, it reemphasized a key part of the new policy: the ban on electioneering on company time and premises in the 24 hours before voting starts.

The board set aside an election among plant employees of Detergents, Inc., in Columbus, Ohio, last May, and ordered a new vote. CIO's United Chemical Workers lost before, 72 to 44.

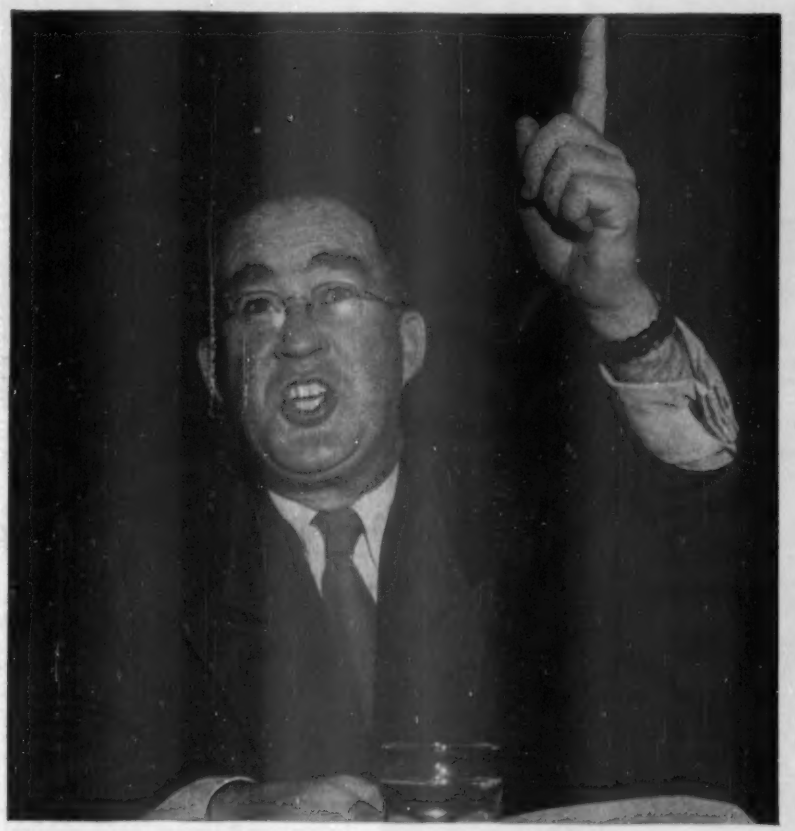
• **Grounds for Protest**—A plant official called employees together during working time, at 2 p.m. and 6 p.m., on the day before last May's election. He expressed the company's views on unionism. UCW asked for equal time to present its arguments, but the request was refused.

Under the board's old "Bonwit Teller" doctrine, this could have been both an unfair labor practice and the basis for a new election. Until recently,

NLRB required an employer using company time and premises for electioneering to give the union equal time and opportunity for rebuttals.

• **Change of Policy**—Last December, the board backed away from the old policy. It held that employers generally need not allow time for unions to electioneer on the same basis as management. But the board specified that neither company nor union may campaign on work time and on the premises in the 24 hours preceding the start of an NLRB election (BW—Jan.2'54, p65).

Applying this new policy, the board held that Detergents, Inc., did not commit an unfair labor practice by refusing UCW an equal voice on company time and premises, but that a new election should be held—because the company meetings within 24 hours of the election could have influenced the voting unfairly in favor of the company.



Fighting for the Fifth Seat

Nobody expected a flareup when the White House named Albert C. Beeson as fifth man on the National Labor Relations Board. But the job is an important one—with a tie-breaking vote on a score of key Taft-Hartley issues (BW—Jan.16'54,p162). So Beeson ran into the hottest confirmation fight since the designation of Charles E. Wilson for the Cabinet last year.

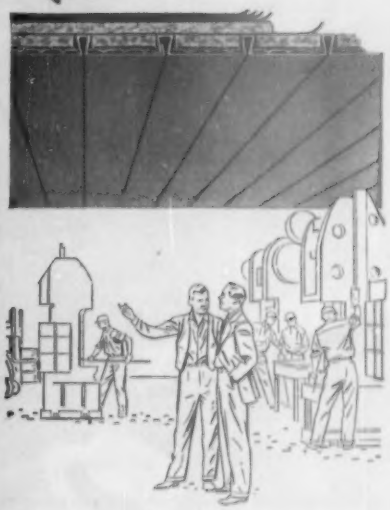
Unions objected to the choice of Beeson for quasi-judicial NLRB; they charged that, coming directly from management ranks, he would be biased against labor. The Senate Labor Committee O.K.'d Beeson anyway, on a straight party-line vote, seven Republicans to six Democrats.

However, the routine committee hearings had brought up some questions about Beeson's status with Food Machinery & Chemical Corp., San Jose, Calif. It wasn't clear whether he had resigned or left on leave of absence, and whether he was still linked to his former employer through its pension program. Democrats seized on these questions to press a new fight on the appointment.

Last week, Beeson appeared before the committee again to clarify his status: He had resigned orally, he said, but would do so in writing. He would also surrender his pension rights by letter—even though, he said, he would lose them anyway by his formal resignation. "I submit we are quibbling," he said, "while Rome burns." At midweek, there was no indication that the committee agreed with him.

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METAL BUILDING PANELS



RACKET PAYOFF is murder when criminal elements take over a union welfare fund. Body is that of Thomas F. Lewis, New York labor leader, who was shot last August.



WELFARE PAYOFF is assured by a wise

How to Keep

When New York labor leader Thomas F. Lewis was murdered in the Bronx last summer (picture), a Pandora's box of union welfare fund corruptions flew open. It turned out to have a lot more in it than most people would have guessed.

When a thug shot him dead on Aug. 8, Lewis was president of Local 32-E of the Building Service Employees International Union (AFL) and boss of the union's welfare fund. The murder turned out to be entangled with the welfare fund, which Lewis had been operating as a private racket.

• **State Probe**—A state investigation turned up such unsavory facts about the Lewis-run fund that the New York superintendent of insurance, Alfred J. Bohlinger, decided it was time to investigate the whole area of labor-management health, welfare, and pension programs.

Last month, the state sent questionnaires to 600 union welfare funds in New York, asking about their administration, financial history, reserves, and ability to meet future obligations. Questionnaires have also been sent to major insurance carriers and employers in the state.

• **Big Business**—Nationwide, these funds are big business by any definition. Their annual insurance premiums run



management of funds that provide services like this ILGWU clinic. Nationwide, the problem is . . .

Welfare Funds Honest

into millions of dollars. The Bureau of Labor Statistics estimates that 9-million to 10-million employees are covered by these programs today. Benefits include group life insurance, hospitalization, cash benefits during sickness, and often pensions.

The employer and the union may each contribute to the fund, or the employer may pay the whole load, usually on some formula figured per worker or on a percentage of payroll. Some plans are insured by an insurance company that guarantees the benefits; others are self-insured.

• **National Growth**—In 1943, unions started bargaining in earnest for welfare plans, and they have stepped up the pressure every year since. The 1943 wedge was driven when the War Labor Board exempted company group insurance programs from the wage freeze imposed by the Little Steel formula. By 1951, about half of the U.S. labor movement was covered by some kind of welfare program.

Then the Wage Stabilization Board gave the green light to welfare funds at a time when it was holding a tight lid on wages. In no time at all, employer welfare fund contributions were a major part of the national wage package.

Thus, the funds are attracting national interest, apart from New York State's investigation. In his Taft-Hartley message to Congress, President Eisenhower recommended higher standards to protect union welfare funds—the standards to be determined by Congress after investigation.

• **Self-Policing**—These investigations or rumors of investigations have had their impact on all groups connected with union welfare funds, and reactions are beginning to be noticeable. The American Federation of Labor, at its executive council meeting in Miami Beach, Fla., this week called on all its affiliated unions to set up uniform rules and regulations to govern such funds for their members.

At his executive board meeting later this month, Dave Beck, president of the International Brotherhood of Teamsters (AFL), will unveil a program of monitoring all regional and local welfare funds that cover most of his union's million-and-a-half members.

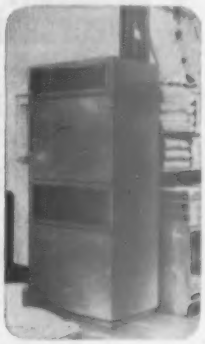
Some teamster locals were recently involved in state and federal inquiries into welfare fund abuses. Beck announced in the Teamsters' official magazine that the international union wasn't going to tolerate "racketeering or shady practices" and that each local welfare and insurance program was going to be analyzed with the view of



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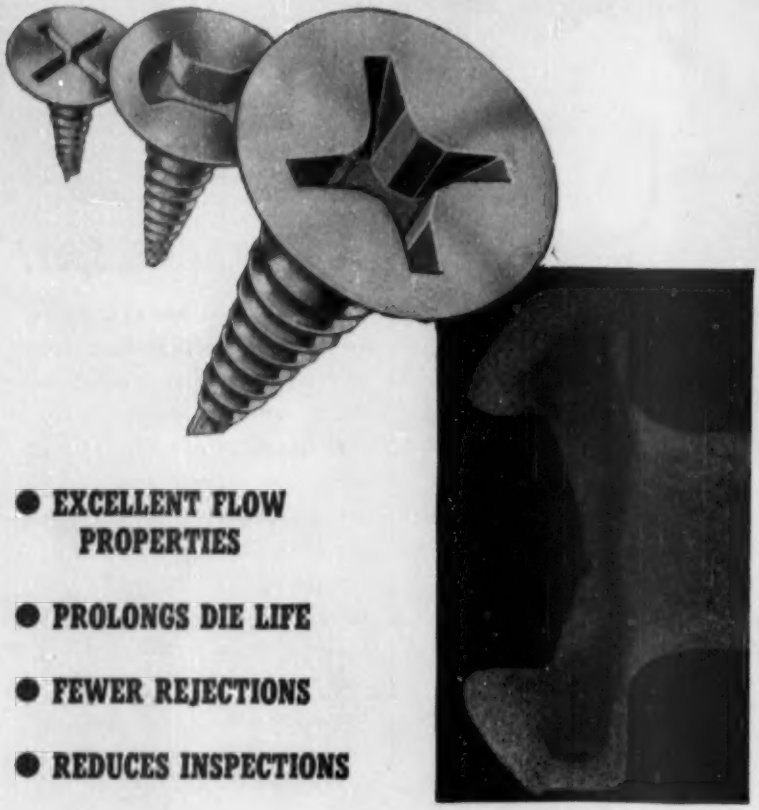


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establishing some kind of standard procedures.

• **Good and Bad**—What will be the impact of national and state probes? Are they welcomed or feared? Are they really necessary? You won't get the same answer from any two people. But there are some facts upon which individual opinions can be based.

It's not a matter of dispute, for instance, that a majority of workers are covered by plans that are efficiently managed and properly insured.

The giant funds found in such industries as steel, automobiles, rubber, clothing, and textiles, get no criticism at all. It's in the small, local funds that the trouble has cropped up.

Tom Lewis's Local 32-E was a prime example. It would be hard to find a more racket-ridden welfare fund. The local represents 665 employees at New York's Yonkers Raceway and 4,000 superintendents, elevator operators, and other employees in Bronx and Westchester office and apartment buildings.

• **Milking a Fund**—The gravy boat in the 32-E case took the form of an outside agency set up to handle the welfare fund. The magnitude of the graft that followed is almost unbelieveable. Relatives and friends of Lewis fattened the agency's payroll—drawing fancy salaries for functions they never performed.

For its phantom services, the agency, as middleman between the insurance company and the fund, took pay from both ends. It took a fee from the fund for handling its interests, while it was pocketing a commission from the insurance company for placing the fund's business with it.

The commission investigating the 32-E case concluded that operations controlled by Lewis had milked the welfare fund of $275,000 in excessive fees and commissions. A union welfare fund expert, Martin E. Segal, testified at the hearings that the money illegally removed from the fund would have allowed union members to choose between doubling of their life and disability insurance or a 50% increase in hospital, surgical, maternity benefits.

• **Employers Indifferent**—The employers came in for their share of the blame. A trustee for the employers confessed he hadn't paid too much attention to overseeing the fund. He said the employers took the view that it was "the men's money" and that it was Lewis's job to make all important decisions.

This attitude is typical in cases where corruption has shown up. The Taft-Hartley act requires that employer and union be equally represented on welfare funds, and most welfare funds are insured entirely at the employer's expense. But this doesn't stop many employers from leaving everything to the

union. So if union officials want to be dishonest, the door is wide open.

And the possibilities for corruption are just about unlimited. Agencies investigating the field of dishonest funds say that kickbacks from insurance fees are one of the biggest sources of graft now open in the union field. Another lucrative device for welfare fund managers is switching insurance companies. By changing companies, a union official can get a shot at another fat first-year commission.

• **Bad Management**—Corruption is not the only thing investigators will look for in examining union welfare funds. In fact, most investigating groups will take the view that the elimination of racketeering is strictly a law enforcement problem. They will concern themselves primarily with evidences of inefficiency and mismanagement, which may have nothing to do with outright dishonesty.

One of the chief causes of welfare fund mismanagement and inefficiency will probably turn out to be inexperience and lack of technical knowledge in a field that is extremely complex. Many funds, for instance, are set up wrong in the first place—simply through lack of knowledge.

When a small or local union is setting up a fund, there is a tendency to pattern it after some large, well-managed welfare program. This is often done without consideration of the differences in the unions, their resources, their membership. A frequent mistake is for a small union to adopt a large union's percentage-of-payroll formula, thinking if it's good for one it's good for the other. Since insurance and administration costs are proportionately higher for smaller funds, the little union's fund will likely end up with a serious cash shortage.

• **Everyone Loses**—The hard fact is that the whole area of welfare funds is too complex a matter to be worked out easily in a bargaining-table tug-of-war where one concession is traded off for another.

Actuarial calculations are a specialized job. Data become outmoded rapidly with advances in medical science. These are hardly matters for negotiation.

Employers who shrug off the details of welfare fund management may not be wise in the long run. The benefits intended for employees when the welfare fund was negotiated may turn out to be inadequate, solely because of poor management. Then the dissatisfied employees will demand, through their union, larger contributions from the employer.

And employers who don't keep at least a watchful eye on their union welfare funds may find themselves losing thousands of dollars in refund

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Santa Fe streamlines "China Basin" terminal with BUTLER steel building

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money. Group accident and sickness insurance actuarial data cannot be calculated with any great degree of accuracy. For their own protection, insurance companies customarily overcharge on premiums, then make refunds at the end of the year. But if the union has switched insurance carriers in the meantime, the employer will never see those refunds.

Moreover, if a company and union will take bids before placing their welfare insurance—as most competent consultants do—they may save the fund a lot of money. They may find as much as an 18% or 20% spread in average estimated insurance costs.

• **Insurers' Role**—Insurance companies themselves have not been given an entirely clean bill of health by the experts. Asked if insurance carriers were in any way responsible for the ills that have developed in the union welfare situation, Martin Segal said: "The majority of the insurance companies would not knowingly tolerate any of the abuses that are being investigated. But I think that some insurance companies have perhaps conveniently closed their eyes to the long-range implications of the excessive commissions which they have been paying."

Just how far the obligation of the insurance company goes in seeing that employees covered by a welfare fund are "properly insured" is a matter of disagreement. Is the carrier bound to keep an eye on the administration of the fund in any way? This may be one of the answers sought in the investigations.

• **Nothing to Hide**—No one is particularly happy about the prospect of investigations, but neither is there any serious objection to a fair, fact-seeking inquiry. Unions with honest, well-managed funds—and that means most of them—feel they have nothing to hide. They would like, however, to keep as free as possible from state or federal regulation. And, indeed, they're not the ones that need it most.

Some labor and industry sources feel, however, that if the law required annual filing, and a report of income and disbursements to members and employers, it would be a good thing. Most well-managed funds send out annual reports now to all parties concerned, including the union members.

• **Unions Cooperate**—An index to labor's attitude can probably be found in the New York situation. At first, the major AFL unions objected loudly to an investigation of union welfare funds by the state insurance department on a unilateral basis. But when called to a meeting by insurance superintendent Bohlinger, they agreed to cooperate on the assurance that the investigation would not "be a witch-hunt or primitive in character."

Checkoff Spreads

Voluntary charity deduction at Champion Spark Plug begins as Willys program proves successful.

A new checkoff will show up in Champion Spark Plug Co. paychecks in Toledo, Ohio, this month—the result of a company-union decision to do something about one charity drive after another in Champion's plant.

The new Champion program, in which participation is entirely voluntary, is a modification of a checkoff plan in effect for a year at Willys-Overland Motors, Inc., and one that Local 12 of the United Auto Workers (CIO) hopes to get adopted by 86 Toledo firms with 34,000 employees under UAW contracts.

Champion's plan provides for a monthly checkoff of 25¢ or more for a charity fund, to be distributed on a prearranged basis: 55% for the Toledo Community Chest; 20% for the Red Cross, and 25% for Local 12's summer camp at Sand Lake, Mich. So far, only a few of Champion's 2,400 employees have signed up; others, who contributed to fall charity drives, are expected to come into the checkoff in the spring.

• **Participation**—The year-old Willys-Overland program calls for a flat 25¢-a-week checkoff for each employee who authorizes it. Currently, 90% of all workers are participating, and the fund administrator reported last week that they paid $96,358 into the fund during its first year. Of that amount, $76,250 was split up among 11 charities; $9,339 went for administrative expenses and salaries; and the remainder is in a reserve.

• **Popular**—The Willys-Local 12 plan met with terrific resistance from Community Chest and other charity agencies when it first was proposed a year ago; they didn't want to have all collections lumped into one (BW—Mar.21 '53,p171). The resistance seems to have died away. Everybody apparently is happy.

For instance, the Community Chest got $17,000 from the Willys checkoff fund in 1953—about two and one-half times what it collected before in its inplant drives. Most other outside agencies fared correspondingly well. Willys' Serviceman's Fund, which pays all Willys-Overland employees $5 a month while in the armed forces, got $27,000, and Local 12's summer camp received $7,000—about what it collected the year before in a plant drive.

Local 12 at first wanted a greater voice on how benefiting agencies could spend the funds contributed by workers through the Willys checkoff. The local dropped the demand, and still has just the representation it had before on agency boards. But it figures it has a curb on the use of workers' contributions through union members on the Willys' fund administrative board—which parcels out contributions checked off from workers' pay.

LABOR BRIEFS

An upswing in employment is the word from International Harvester Co., which expects to have 54,000 working by Mar. 1, a gain of 7,000 from a December low. The company says farm-equipment sales are up because "farmers are more optimistic, and buying again. They expect a satisfactory price-support program . . . and the moisture situation in the Southwest, which has been hard hit by drouth, is improved."

•

Oregon law enacted in 1953 to curb picketing "is clearly unconstitutional," a state court decided last week. In refusing an injunction against picketing, the court pointed out that an earlier state law—forbidding injunctions in bona fide labor disputes—has never been repealed. In addition, it said, the new law conflicts with constitutional free-speech guarantees.

•

"Pushbutton plants" are being discussed—as a future problem—by many unions. The United Auto Workers (CIO), its eyes on Ford's engine plant in Cleveland, says automation means "more production and fewer workers," so adjustments must be made to it through contract negotiations. The United Packinghouse Workers (CIO) is calling for "overtime thinking" about threatened technological unemployment.

The Pictures—Firestone News Service—192; Martin Harris—82 (top lt.); I.N.P.—56; Bob Isear—116; Herb Kratovil—34; R. G. LeTourneau, Inc.—88; McDonnell Aircraft Corp.—29; McGraw-Hill World News—152; Edith Miller—48; Moser & Son—194; N. Y. Daily News Photo—164; Parker Pen Co.—154; Robert Phillips—Cover, 128 (bot.); Ben & Sid Ross—54; Harry Rubenstein—165; Shell Oil Co.—186; Solar Aircraft Co.—188; George Tames—30, 31; U.P.—82 (top rt.), 82 (bot. lt.), 83 (top lt.); W. W.—82 (bot. rt.), 83 (top rt.); Dick Wolters—128 (top), 129; Geo. Woodruff—112.

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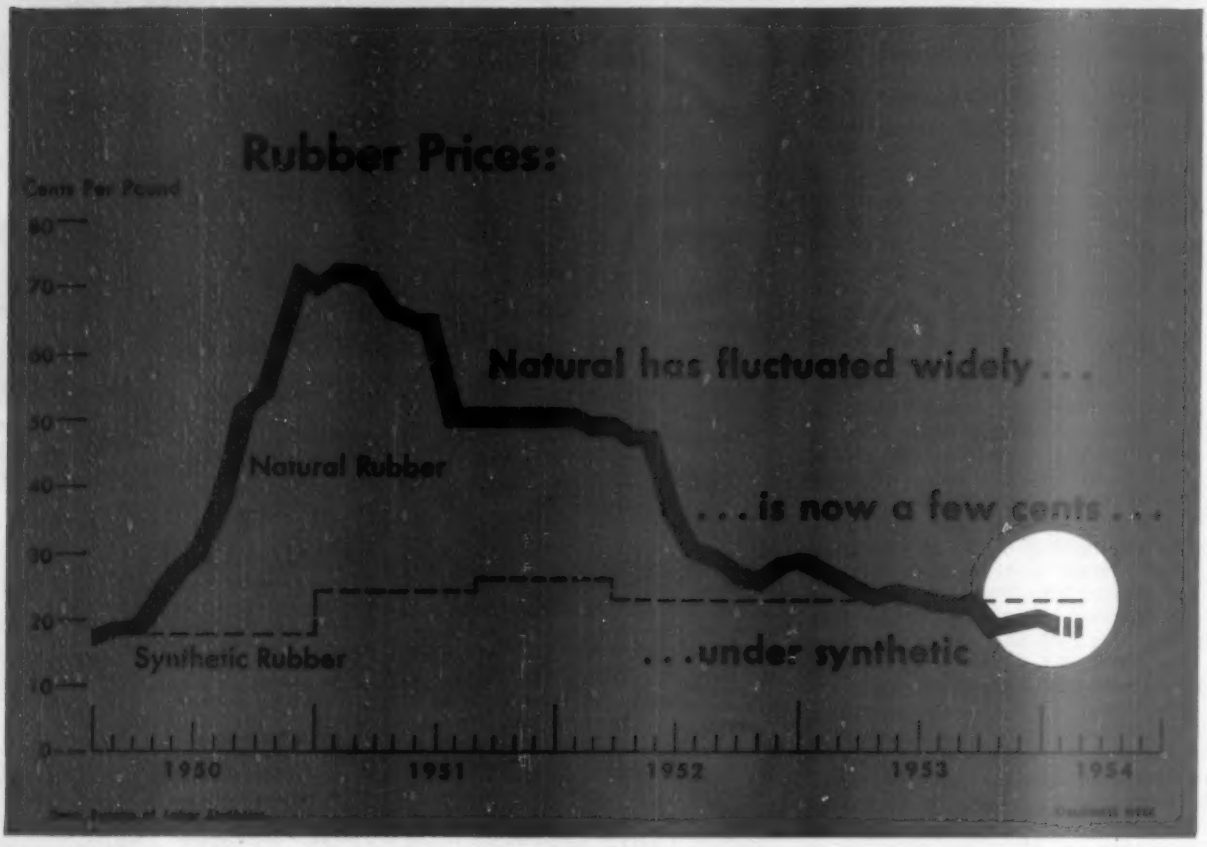
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U.S. Synthetic Calls the Tune

Natural rubber producers aren't happy—and one look at the chart above will tell you why. Prices, after moving up swiftly through most of 1950, have been coming right down again since early 1951. From their peak of 81¢ a lb. they are now down to around 20¢ a lb.—or just about back to where they were in March, 1950.

Consumption is not to blame. World rubber consumption hit 2.4-million tons in 1953, setting a new high record for the fourth straight year. The trouble started with overproduction.

But under the stimulus of high prices in 1950 and 1951, natural rubber production was expanded tremendously. Since then, it has been slowly and painfully cut back; but it is still substantially above the production of 1948 and 1949. So far most of the surplus has been absorbed by American and British government stockpiling, but this important market is due to end soon.

• **Synthetics**—There is another reason for the surplus of natural rubber, and that is in the relationship of natural and synthetic production and use.

Outside the U.S., only three other countries—Canada, West Germany, and Russia—are known to have synthetic producing facilities. The synthetic production outside the U.S. is estimated at only around 80,000 tons for 1953—as against 780,000 tons in the U.S. Most of the rest of the world has no choice but to use natural rubber.

Since the U.S. synthetic rubber industry was established, American rubber manufacturers have taken what's left of world natural rubber production after foreign demand and U.S. stockpiling needs have been satisfied. The difference between that and total U.S. needs has been made up with synthetic rubber.

Early in 1950, there was an unexpected spurt in world, and especially in U.S., demand for rubber—and this came at a time when production of synthetic had been cut back to its lowest point since World War II. Natural rubber prices started to move upward. Then came the Korean outbreak, and prices really took off. The U.S. government expanded synthetic rubber production as much as possible, and put limitations on natural rubber use. When these limitations were relaxed, and then finally taken off, manufacturers showed a preference for synthetic because the price was a good deal lower (chart).

• **Switch**—When rubber is plentiful, the price of natural has to pivot somewhere around the price of synthetic—either a few cents higher or a few cents lower—if natural is going to keep its markets. Natural rubber is preferred for some uses, synthetic for others.

But there is an important middle ground, about a third of the total rubber market, where manufacturers can switch from one to the other according to prices.

The price of natural is now about 3¢ under the price of GR-S grade synthetic—the general-purpose rubber that makes up the bulk of government production. As natural rubber prices came down, U.S. industry began using more of it. In January, 1953, 39.6% of the rubber used was natural; by December, natural's share had risen to 45.5%. At the

same time, production of synthetic has once again been cut back.

• **Outlook**—Most observers feel that the worst of the slump in natural rubber prices is over. They figure that, barring a severe business recession, prices should stay pretty stable through 1954. This is how they see it: Production will probably drop still further this year. As long as the price of natural is under the price of synthetic, natural should keep increasing its share of the market. The combination of lower production and higher consumption will probably be enough to offset the decline in government stockpiling.

But tell the government of one of the rubber producing countries that the price will probably not drop much below 20¢, and the news doesn't make it very happy. Production cutbacks may be necessary, but they hurt—and they hurt the small holder, the native who usually has less than five acres, much more than they hurt the large and more efficient estates.

Malaya and Indonesia are the chief rubber producing countries. Of the two, Malaya is a good deal better off; some 60% of its production comes from estates. Indonesia, on the other hand, is much more sensitive to price change; the bulk of its production comes from small holders, and the rubber produced is of a lower grade. In both countries, government revenues depend largely on rubber, and both are heavily engaged in the fight against communism.

• **Helping Hand**—Natural rubber producers right now want the only thing that can be of any help in raising their prices: They would like the U. S. government to increase the price of synthetic.

Government-owned synthetic plants are slated to go into private hands (BW —Nov.28'53,p27). But this will take, at the very least, 15 months. And disposal of the plants is by no means certain then; it will have to be O.K.'d by the next Congress, and no one knows what the temper of the next Congress will be.

In the meantime, the natural rubber producers contend, synthetic is being produced by the government at less than it would cost private industry. All they want, they say, is the opportunity to compete with a synthetic rubber that is fairly priced.

Natural rubber producers point to the fact that Reconstruction Finance Corp., which runs the plants, has a completely integrated operation. Among other things, it produces its own butadiene (basic raw material in most synthetic rubber production) and figures the butadiene at cost into the price of



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rubber. They also point to the fact that RFC pays no federal taxes.

• **Prices**—The price probably won't go up so long as these plants are in government hands. According to E. D. Kelly, boss of rubber operations, RFC doesn't "contemplate raising or lowering the price in the foreseeable future." RFC rang up close to $60-million in profits on its rubber operations for the year ended June, 1953. If it had had to pay federal taxes, its profit would still have come to about 6% of sales.

Many observers are not at all sure that the synthetic price will go up even when the plants are in private hands. They feel it all depends on who gets which plants. A petroleum company, for example, might be in a position to furnish the butadiene at cost just as RFC does. In all, estimates of what will happen when the plants are sold range from no price change at all (or even an eventual price decrease) all the way up to increases of about 7¢ to 8¢ a lb. Among those who think the price will go up, the most commonly mentioned figure is a rise of 3¢ a lb.

Natural Rubber Bureau, which represents the producing countries, would like to settle the question this way: It has called on RFC to get an independent, neutral firm of engineers to survey the situation and make an objective estimate of what synthetic would sell for under private operation—and to adjust the current selling price to this figure.

COMMODITIES BRIEFS

Prices of manmade fibers continue to come down (BW—Jan.16'54,p74). Du Pont has reduced prices on its nylon, Orlon, and Dacron staple by 20¢ to 30¢ a lb. The Orlon cut is the second in less than a month, and leaves the fiber about 10¢ a lb. higher than its closest competitor—Chemstrand Corp.'s Acrilan.

•

U. S. stockpile purchases, an important market for a number of raw materials, are slated to drop sharply, according to President Eisenhower's Budget Message to Congress. The President said that about 75% of the stockpile objective will be complete by June 30, 1955. Spending will decline from $919-million in 1953, to $770-million in 1954, to $585-million in 1955.

•

Union Pacific RR reports the discovery of new and large deposits of iron ore, some of them containing a high percentage of titanium, in southeastern Wyoming. Extensive laboratory work will be needed to find an economical way to get both the iron and titanium out of the ore.

LOCAL BUSINESS

Ford Dealer Up at Bat

HONOLULU—Auto dealers in Hawaii, as in most other parts of the country, are getting more new cars from the manufacturers than they know what to do with. When the Honolulu branch of Hull-Dobbs Co. of Memphis (its 45 branches make it the country's biggest Ford dealer) got its first 1954 models in, it still had better than 600 new 1953s in stock. To help get out from under, Herman J. Theroff, manager of the Honolulu branch, decided to stage "the greatest auto sale on earth."

So he hired the Honolulu Stadium for four days (he would have taken it longer, but he had to squeeze in between a scheduled baseball game and a stock car race). As soon as the final out was made in the ball game, he started to drive in 62 new 1954 Fords and his 642 remaining 1953s—his entire stock. He set up a main office in a tent near home plate, other offices in the two dugouts and under the stands. Also under the stands were service and get-ready facilities for the cars that were sold, and cots on which the 51 salesmen, 30 mechanics, and 40 service people could grab naps. He also took big, two-color ads in the local papers to announce his sale.

For four days, from 9 a.m. to 11 p.m., the sale went on. And although Theroff had to drive more than 400 Fords back to his showroom again, and although he isn't sure yet whether he made or lost money over-all, he feels the sale was a success. The figures: sales, 251 with a total value of $755,136; trade-ins, 227 with a total allowed valuation of $327,227; total expenses, nearly $25,000.

Theroff told BUSINESS WEEK this week that his final results will depend on what he gets for the trade-ins (and the Honolulu used-car market is poor). But even if he lost money over-all, he sees these advantages: His inventory is trimmed to more manageable size; he'll save on storage costs and free tied-up capital; and—perhaps best of all—he has a prospect list of over 1,000 people who were interested enough to drive their prospective trade-ins down for appraisal, even though they didn't close deals.

Vote of Confidence

MILWAUKEE—In its first year in the National League, the Milwaukee Braves baseball team set an all-time league record for attendance, with 1,826,397 paid admissions. This week, two full months before the opening of the 1954 season, it's already obvious that 1953 was no flash in the pan.

In fact, William Eberly, Braves'

When storms knock out electric power...



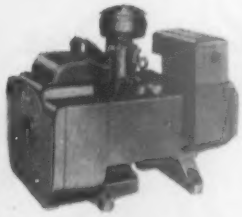
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Prevents losses from frozen plumbing, food spoilage. Protects your family from dangers and hardships.

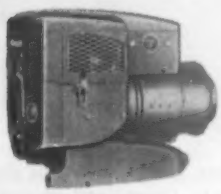
When storms interrupt electric power you have no heat, refrigeration, lights or even water if you have your own well. Radio, sump pump, water heater and other electrical equipment cannot operate.

You can avoid losses, dangers and hardships by installing an Onan Emergency Electric Plant in your garage or basement. Very little space is required; installation is simple and inexpensive. When power outages occur, the Onan Plant supplies regular 115-volt A.C. electricity for as long as the emergency exists. Automatic controls start the plant when power is interrupted and stop it when power is restored to protect your home *even when you're away!*

Onan Emergency Electric Plants are built in capacities to fit the needs of any home or business . . . 1,000 to 50,000 watts.



MODEL 5CW 5,000 watts A.C. Gasoline-Powered



MODEL 30SCK 3,500 watts A.C. Gasoline-Powered

Write for FREE estimate!

If you will let us know your requirements we will recommend the size and type plant you need

D. W. ONAN & SONS INC.
8331 Key University Avenue S.E.
Minneapolis 14, Minnesota

Onan ELECTRIC PLANTS

as low as $384.00 (1,000 watt model)

Both Southern Californias

CAN DO YOU A LOT OF GOOD... RIGHT NOW!

Southern California—THE MARKET

As you know, only New York and Chicago now exceed the Los Angeles area in retail sales. And the area continues to grow—spectacularly. In recent years the average increase each year has equaled a city the size of Elizabeth, New Jersey, or Peoria, Illinois.

This $6 billion market, with its rich sales potential in almost all lines, certainly deserves your *personal* attention. And while you're here, why not take advantage of Southern California's rich vacation potential, too?...





Southern California—THE VACATIONLAND

Bake out your worries in the luxurious winter warmth beside a sunny pool. Ride over the colored sands of our great peaceful deserts. Golf among palm trees. Motor through the lush subtropic valleys and along the blue Pacific. Have fun exploring Hollywood. Enjoy the winter racing season (it's on right now). Go home refreshed—with a brand-new store of health and energy!...Why not come *now*?

COLOR MAP, official sightseeing map of Los Angeles County and all Southern California, 22⅛" x 25", traces routes for tours, locates 645 sights visitors want to see most. It's free. Just mail us the coupon at right.

All-Year Club of Southern California, Div. H-2
629 So. Hill St., Los Angeles 14, California
Please send me free Color Sightseeing Map.

Name_____

Street_____

City_____

Zone_____ State_____

PLEASE PRINT NAME AND ADDRESS

ALL-YEAR CLUB OF SOUTHERN CALIFORNIA. *This advertisement sponsored by the Los Angeles County Board of Supervisors for the citizens of Glendale, Hollywood, Inglewood, Long Beach, Los Angeles, Pasadena, Pomona, Santa Monica and 182 other communities.*

ticket manager, is sure that record will be topped; that the Braves will attract more than 2-million paid this year. And he's sure the advance sale will go over 1-million long before opening day.

So far, only season-ticket orders have been accepted; single admissions won't go on sale until Mar. 1. As of last Thursday, Feb. 4, 8,250 of the 12,000 seats allotted for season sale had been bought. Multiply that by the Braves' 72 home dates, and the advance sale already totals 594,000 seats. If all 12,000 season tickets are sold, the figure will be 864,000. But this isn't likely—because all of the lower-stand seats allotted to season sale are already gone; only the less desirable upper-stand seats are left.

Even though no single-game orders are being filled yet, many groups have written asking for blocks of tickets for specific days. And since the National League schedule wasn't released until Feb. 6, Eberly "can't see where they get the dates. I guess they just hope we'll be playing at home then."

The International Woodworkers of America asked for 150 tickets each for the games of Aug. 24, 25, 26, 27, and 28—the week of the union's convention. IWA is in luck; the eastern clubs make their last swing through the West that week. But a Lutheran group that asked for 10,000 for Aug. 8 is not so fortunate; the Braves play the Giants in New York that Sunday.

Power from an Aqueduct

POUGHKEEPSIE—The early part of next month, Poughkeepsie's Central Hudson Gas & Electric Corp. will open a new 25,000-kw. electric plant in Sullivan County, N. Y., about 30 mi. west of here and about 75 mi. northwest of New York City. Ordinarily, a new generating plant isn't news. This one is, for two reasons:

- It's a fairly good-sized hydroelectric plant in an area where almost all power comes from steam.
- It gets its water, not from a natural stream, but from the outflow of the Neversink Tunnel, one of the aqueducts in New York City's far-flung water supply system.

The Neversink Tunnel carries water from the Neversink Reservoir to the Rondout Reservoir. It's only 7 mi. long—but the drop in elevation is more than 500 ft. The average effective head at Central Hudson's turbine is 474 ft.

Rockland Light & Power Co. is building a similar station—of 18,000 kw. —a couple of miles away at the end of the Pepacton Tunnel. This tunnel will be 30 mi. long, but represents a drop in elevation of only 400 ft. Rockland's plant will start operation when the tunnel is completed; probably early in 1955.

Here's *one* effective acoustical treatment for *both* kinds of office noise!



Floor noise. The clatter of heels, the scrape and grind of moving furniture — these are just a few of the noise nuisances that constitute a threat to office efficiency and morale.



Echoed noise such as the drone of voices and the click-clack of machines can reach nerve-splitting proportions by the end of a normal working day.

Bigelow's new acoustical carpet, Cushionlok,* absorbs up to 90% of floor noise . . . deadens echoed sound as well!

Acoustical experts agree that Bigelow Cushionlok Acoustical Carpet has such a high sound-absorption coefficient that usually no further acoustical treatment is necessary.

Cushionlok is so easy to install! It can be laid during regular office hours. It has its own cushion lining built right into the carpet. It can be cut, pieced and even re-laid at any future time. Cushionlok can be laid on any type floor.

Saves over 73% on maintenance! Professional cleaning estimates of hard-surface floor coverings amount to 60¢ per ft. annually. Cushionlok can be maintained for as little as 16¢ per ft. per year. A mighty big saving! Cushionlok can save untold costs in the prevention of slippery-floor accidents, too.



Send for your sample of Cushionlok. See if this handsome, durable carpet isn't the perfect carpet for you. It's so practical for use in offices, hotels, showrooms—any place where there's noise and traffic. Write on your business stationery to Dpt. AA, 140 Madison Avenue, New York 16, New York.

*Reg. U. S. Pat. Off.

Bigelow Cushionlok Carpet

For Better Acoustics

How Many Miles

Make an Order?

Today's industrial salesman is faced with a new selling problem. For industry is not only getting bigger and more complex . . . but more decentralized. As a result, salesmen must spend more time traveling to plants that are far outside the city limits. That means more miles per order . . . and less time to sell the men who make buying decisions.

But there is an answer. It's the method industry has been using to cut production costs—MECHANIZATION. And the "sales tool" is business publication advertising. For the magazines that industrial executives read to keep up with their jobs provide a means of reaching thousands of known and unknown buying influences at pennies per call.

When it costs so little to reach so many, it makes sense to "mechanize" the initial steps in the manufacture of a sale with business publication advertising . . . and permit the salesman to use his time and skill on making the proposal and closing the sale.

For more information on how Business Paper Advertising can build sales and cut selling costs, ask your McGraw-Hill man for a copy of our 20-page booklet, "Mechanizing Your Sales with Business Paper Advertising."

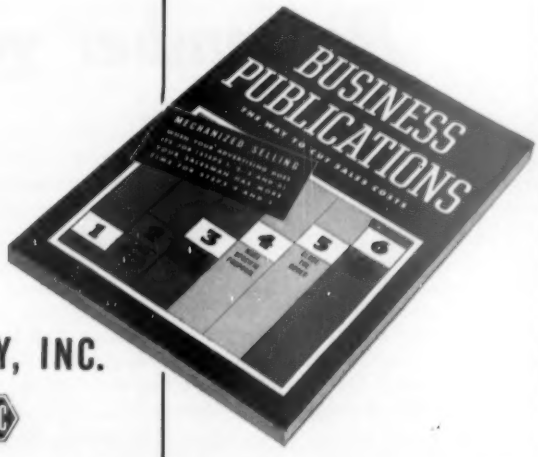
HAVE YOU SEEN OUR NEW MECHANIZED SELLING FILM?

We have just produced a 35mm. sound-slide film entitled, "Plateau of Progress." This 14-minute Kodachrome film presents the application of mechanization to selling . . . shows the job that advertising can do in the kind of economy we're living in today.



The film fits ideally into conferences, sales meetings, sales training courses, advertising presentations and other gatherings where business promotion is the theme.

This new film, and our earlier film, "Mechanized Selling . . . Blueprint for Profits," are available at all McGraw-Hill District Offices. For further information, ask your McGraw-Hill man or write Company Promotion Department.



McGRAW-HILL FOR BUSINESS

McGRAW-HILL PUBLISHING COMPANY, INC.

ABP 330 WEST 42nd STREET, NEW YORK 36, N. Y. ABC

HEADQUARTERS FOR BUSINESS INFORMATION



Photograph by Willinger

Remember your first dance?

It was a big event. Of course you wanted to look your best, so the decision about what to wear was mighty important. It's just as important to these youngsters, too—but how much better and more varied is their selection of clothes—because America's textile industry is constantly developing new and better fabrics for all of us!

There are lovelier, more lustrous cottons, finer woolens and silks and, of course, the remarkable new synthetics. Most of these fabrics have been given truly magical properties like soft, luxurious texture, greater durability, resistance to shrinking, staining, and wrinkles, along with livelier, more lasting colors. Indeed, almost all fabrics, including those for work clothes, home decoration and industrial uses are being improved through the industry's alert use of chemical developments.

American Cyanamid Company works closely with the textile industry, supplying it with dyes and chemicals which help to bring new beauty and serviceability to the fabrics you buy.

AMERICAN Cyanamid COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

Materials for the textile industry—one of the many industries served by Cyanamid

PERSONAL BUSINESS



While figuring your tax, don't overlook credits that may be due you. In some cases, they can cut your final tax bill way down.

If you get dividends from Canadian stock holdings, for example, you probably know that Canada withholds 15% in taxes. You can take this withholding tax either as a deduction or as a credit on your U.S. return. Here's the way you prepare it:

Report the gross amount of the dividends before withholding. Be sure to state this in U.S. dollars. (The dividend slip will usually give the amount in American dollars, or the exchange rate at the time of the payment.)

After reporting the gross amount, you can either: (1) deduct the amount of tax withheld as a tax deduction on page 3 of Form 1040; or (2) credit the amount of tax withheld—by subtracting it from your final income tax.

Use the method that gives you the best tax break. That will almost always be the credit method. If it is, you must file Form 116 with your tax return, together with receipts for your tax.

You can deduct in similar ways any other taxes paid to foreign countries or possessions of the U.S. Depending upon the rules, you may be able to elect one of the two methods—credit or deduction—whichever amounts to a lower tax liability.

This election applies to your proportionate share of foreign taxes paid by a partnership, trust, or estate—as well as to income, excess-profits taxes, and similar taxes.

Here are the definitions of the kinds of foreign taxes the above include:

- A tax like one of our own taxes on income.
- A tax that is gauged by income but is called something else abroad.
- A tax that is figured on the basis of your gross income, rather than on net income, as we do it.

The important point here is that you are not required by the U.S. to pay two full sets of taxes on any form of income. That does not include nonincome items—taxes paid to foreign countries on sales, gross receipts, production, the privilege of doing business there, personal property, or export of capital. You cannot deduct these.

Remember, too, that certain U.S. government obligations pay partially exempt interest.

For example: Say you own several U.S. 2¼% debenture, Series D bonds, upon which you received $1,000 interest. Naturally you include this amount as part of your income. But after you have computed your total tax, you subtract 3% of $1,000, or $30.

You also get a credit for taxes paid at the source on so-called tax-free covenant bonds. These were issued by companies before Jan. 1, 1934. If you own any, you'll note that the company agreed to pay a 2% tax on the interest. Say you received last year an interest of $1,000. You have credit on this of $20—which you subtract from your final tax.

Note this well: **On both types of bonds and on foreign taxes, you can't take the credit if you use the standard deduction.**

You may be entitled to credit for **overwithholding of Social Security taxes.** If you changed jobs in 1953, or held more than one job, check your W2 statements from all your employers, add up the amount withheld for Social Security.

If it comes out to more than $54 (1½% of $3,600), add the extra amount to the "Income Tax Withheld" column on page 1 of your return. It will decrease the amount of income tax you still owe, or it might boost the amount of your refund.

—•—

Homeowners in New York and 14 other states will be able to buy **a single package of property and liability insurance by the end of this month.** That will reduce total home-insurance costs by anywhere from 20% to 25%.

The multiple-risk policy combines as many as four or five different policies that, bought separately, would cost considerably more. Here's an example of the coverage offered by each of two policies contemplated:

Policy A covers the house, outbuildings, contents of the house, personal property away from the premises. It also protects against theft, fire, windstorm, and other extended coverage. Finally, it includes comprehensive personal liability and medical payments coverage.

Policy B is the same—except that it provides additional extended-coverage perils such as steam-boiler explosion, certain water damage, building collapse, landslide, and the like.

Main reason for the lower cost to the homeowner is that the single policy cuts clerical work to a minimum. You can cancel present insurance and rewrite for one of these policies with no loss.

—•—

Owners of outboard motors have always been plagued with a bothersome chore after boating in salt water—the necessity of flushing out the motor internally to prevent corrosion.

Evinrude Motors announces that it now has four models that need not be flushed internally, regardless of how often they run in salt water. The models are the result of tests and research conducted over a period of two years. **The development applies both to 1954 models and to some models of 1952 and 1953.**

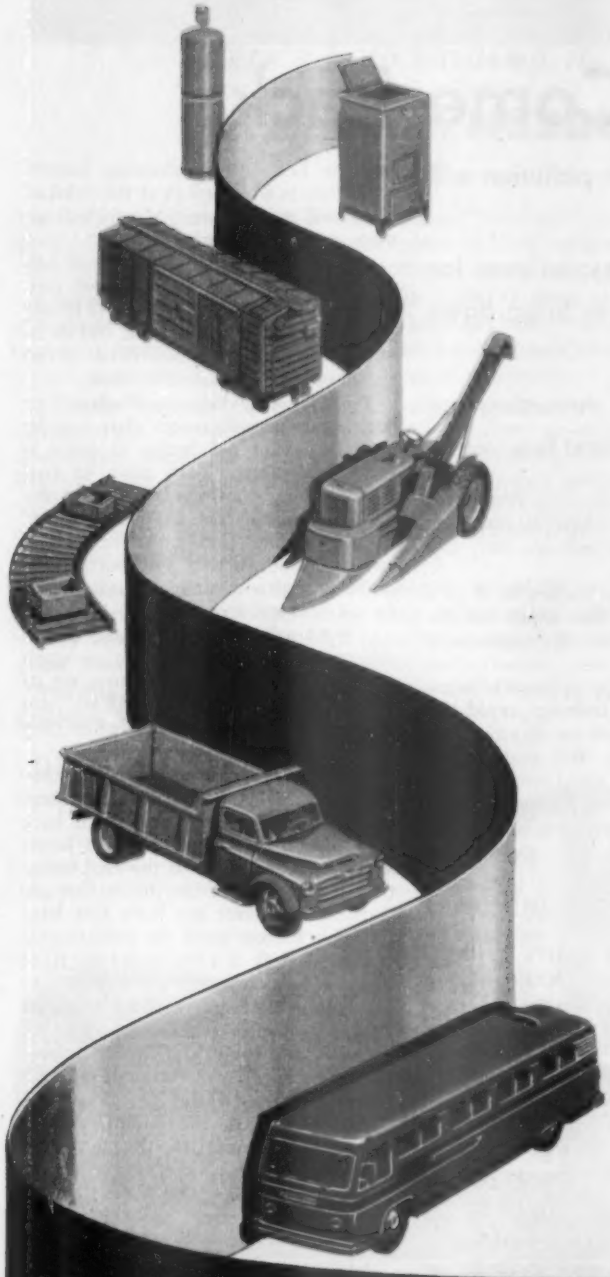
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Take note that this is an excellent time to stock up on phonograph records. A special sales promotion by Columbia Records has blossomed across the industry into a price war (BW—Feb.6'54,p45).

RCA-Victor has slashed prices on its 12-in. LP classical records from $5.72 to $3.99, for example. Columbia is pushing its "one-and-a-half" sale on a national basis—buy one record at full price, get another for half price. These two companies make up 50% of all classical-record sales.

Most other record companies are following along. And the price-cutting, originally limited to classical records, now includes all types.

Contents copyrighted under the general copyright on the Feb. 13, 1954, issue—Business Week, 330 W. 42nd St., New York, N. Y.



You can design light weight, longer life, and economy into your products by including N-A-X HIGH-TENSILE in your plans.

It is 50% stronger than mild steel.
It is considerably more resistant to corrosion.
It has greater paint adhesion with less undercoat corrosion.
It has high fatigue life with great toughness.
It has greater resistance to abrasion or wear.
It is readily and easily welded by any process.
It polishes to a high lustre at minimum cost.

And with all these physical advantages over mild carbon steel—it can be cold formed as readily into the most difficult shaped stamping.

Sound like something for you? Ask for full facts and think of N-A-X HIGH-TENSILE when you re-design.

GREAT LAKES STEEL CORPORATION

N-A-X Alloy Division — Ecorse, Detroit 29, Michigan

NATIONAL STEEL CORPORATION

Make it **WEIGH LESS...** and **LAST LONGER** with

N-A-X

HIGH-TENSILE STEEL

PRODUCTION

Can Anthracite Come Back?

● Industry men hope that fears of air pollution will start a revival, have new equipment to push it.

● Some see a real future in new industrial uses for anthracite. They count on mechanizing mines to bring down costs, raise their profits.

● But the odds seem heavy against reversing the trend in oil and natural gas for heating—in the next few years.

Belching smokestacks give the anthracite coal industry a glimmer of hope. It may be mere wishful thinking or it may be justifiable optimism, but the extractors of hard coal in eastern Pennsylvania are counting on public indignation over air pollution to give them a new wedge into the market.

They're not depending on hope alone. This week in New York the industry is showing off new equipment designed to make coal at least as attractive as oil or natural gas to the man who is out to buy a heating unit. They're shooting for commercial buildings, schools, churches. It's the first such demonstration the industry has ever attempted.

• **Heavy Odds**—In anthracite's favor in its bid to the customer is the fuel itself: Its high pure-carbon content—between 92% and 95%—means it can be burned without covering the surrounding countryside with soot. But the industry has had troubles for years.

For one thing coal, whether anthracite or bituminous (soft coal), has come to be regarded as an old-fashioned fuel. The swing to oil and natural gas for home heating (BW—Sep.26'53, p85) has become so strong that a builder scarcely considers coal heat when he's poring over a blueprint, whether for a six-room house or a 60-family apartment. There's the inconvenience in a home—those messy ashes—and the higher maintenance cost in a big building.

In industrial plants, anthracite has run into the same trouble. Many plants in the anthracite region (east of Buffalo and north of Richmond, Va.) have converted to oil or natural gas. In a new plant, an oil or gas unit goes in now.

• **Slide**—Anthracite finds itself living through its worst years since 1902—the year of the century's first big coal strike—and output is falling below even the level of the 1890s. Production in 1953 was cut to half of that last good year, 1946. This year shows only faint hope of getting better. Where 60,000 men went into the pits a year ago, only 50,000 are there today.

On top of all this, anthracite is in a disastrous price war that wiped out the tiny profit some of the companies might have eked out last year.

A few of the more optimistic members of the hard-hit industry would like to blame the tailspin on recent warm winters in the East. But that doesn't seem to stand up when you look at what happened to U.S. consumption of coal and competing fuels since 1946.

Here's the record:

	Hard Coal (Anthracite)	Soft Coal (Bituminous)	Oil	Natural Gas
(1946 = 100)				
1947	89.5	108.6	111.0	110.0
1948	93.4	103.2	117.5	124.0
1949	70.0	89.0	117.6	131.0
1950	74.2	90.8	132.0	151.5
1951	68.9	93.7	143.0	180.0
1952	65.5	84.0	149.0	193.0
1953*	50.4	85.0	156.0	204.0

** Estimates. Source: U.S. Bureau of Mines*

• **New Try**—Whether the jog the industry got in '53 was enough to awaken it to its real danger, nobody can yet say. But this week's equipment show in New York indicates some producers are making a try.

The demonstration is in the Architects' Building at 101 Park Avenue. The show will probably move on to other cities, but the reason for picking New York for a start is the city's enormous potential for anthracite.

There are about 400,000 separate commercial buildings in the area that could use the new equipment—provided the anthracite industry can sell the building managements on hard coal's advantages. That's the idea in setting up shop under the architect's nose: to convince him that the new equipment should be designed into the buildings he now has on the drawing boards.

Architects who look in at the exhibit, which will run until mid-March, will see these new developments:

• A new stoker that feeds coal into a fire without the old danger of jamming. It's designed for, say, 40-family apartment houses, can handle 200 lb. to 400 lb. of coal per hour, needs about one hour a day maintenance time.

• Two new burners—displayed by competing manufacturers—that can be attached to an old boiler to make it nearly automatic. Each pipes in coal from a bin, controls the feed automatically, discharges the ashes—either to a container that must be carried away by hand, or to a tank outside the building that is emptied periodically by an ash removal service.

• A smaller automatic furnace-feeding unit for the large home or small apartment house. Main features are its efficiency (claimed to be 88%), and its ability to filter out dusts before they escape into the basement.

• **Not Enough**—Nobody in the industry is ready to claim that this new equipment is going to put anthracite back into the place it once held in home heating. Indeed, one of the coal industry's leading authorities insists that anthracite will never get both feet back into this market until the consumer is able to store it in a bin under his front lawn—as he now stores oil—and able to keep his house warm without touching a piece of coal or a bucket of ashes.

• **Industrial**—Some coal men believe that anthracite's real future lies in the power plant and mill.

About 30% of the 30-million tons produced last year in the Scranton-Wilkes-Barre area of northeastern Pennsylvania went into this market. Five years ago it was only about 15%—but of a larger production total.

Companies such as Philadelphia & Reading Coal & Iron Co. are developing new industrial uses for anthracite—in coke making, where a little anthracite is mixed with a certain kind of bituminous to produce a coke for blast furnaces and foundries—or in the chemical field, where it can be used in producing ammonia and certain alcohols.

Research is also under way to find out whether anthracite is an economical source of germanium, the element that has had a vital role in developing the electronic transistor.

• **The Key**—But anthracite's problems are too immediate to wait. Nobody

Need compact bearings for long service?

here's how leading makers of small gasoline engines get them with NEEDLE BEARINGS

America's best known manufacturers of small gasoline engines specify Torrington Needle Bearings because of their compactness, high capacity and long maintenance-free operation.

Needle Bearings have been *performance-proved* in every type of small two-cycle and four-cycle engine such as those on power mowers, generators, chain saws, materials handling equipment, pumps, compressors and many other types of equipment.

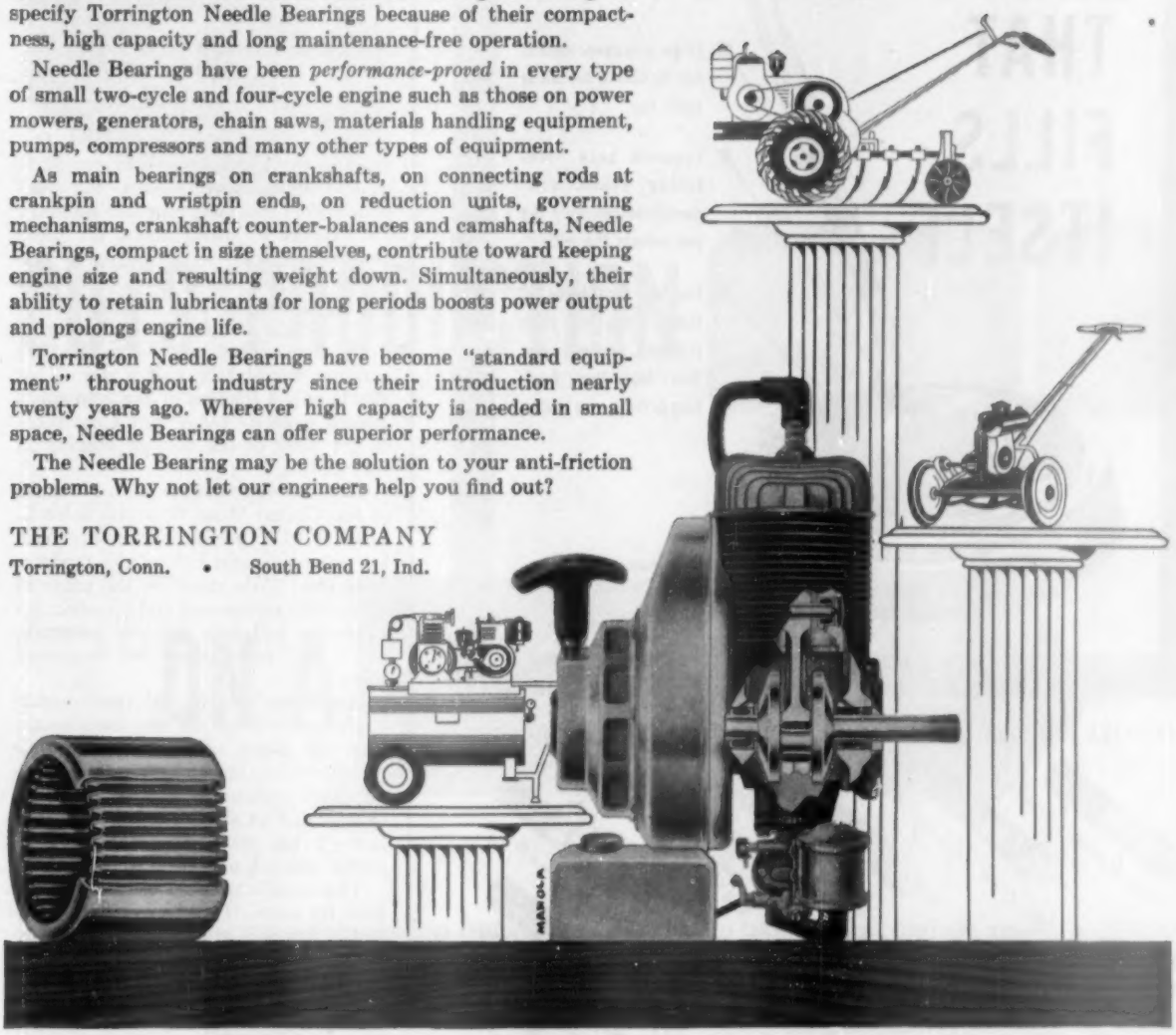
As main bearings on crankshafts, on connecting rods at crankpin and wristpin ends, on reduction units, governing mechanisms, crankshaft counter-balances and camshafts, Needle Bearings, compact in size themselves, contribute toward keeping engine size and resulting weight down. Simultaneously, their ability to retain lubricants for long periods boosts power output and prolongs engine life.

Torrington Needle Bearings have become "standard equipment" throughout industry since their introduction nearly twenty years ago. Wherever high capacity is needed in small space, Needle Bearings can offer superior performance.

The Needle Bearing may be the solution to your anti-friction problems. Why not let our engineers help you find out?

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TORRINGTON NEEDLE BEARINGS

Needle • Spherical Roller • Tapered Roller • Cylindrical Roller • Ball • Needle Rollers

Trade-marks of leading manufacturers of small gasoline engines who use Needle Bearings.

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Finger grip never touches ink. No chance for ink to touch you.

Fountain base "ink-locked" against accidental spillage. Only the pen unlocks the ink.

Fountain base holds 40 times more ink than ordinary fountain pen. Won't leak. Won't flood. Easy to clean as a saucer.

Model 444

CHOOSE ***the right point for the way you write...by number***



Here's a desk pen that's always ready to write the instant you pick it up—a full page or more without redipping. Pen automatically fills itself from ink fountain in the base. Fountain base needs filling only 4 times a year in normal use.

ASK YOUR STATIONER FOR A DEMONSTRATION!

Esterbrook®

DESK PEN SETS

THE ESTERBROOK PEN COMPANY, CAMDEN 1, NEW JERSEY

The Esterbrook Pen Company of Canada, Ltd.
92 Fleet St., East; Toronto, Ontario

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ONLY A FEW OF THE MORE POPULAR POINT STYLES SHOWN

know's better than the mine owners that anthracite can lose its remaining fraction of the market if the industry doesn't find a way to produce more coal for less money—and do it at a profit. The key is mine mechanization.

Since the mines were first tapped in the 1790s, methods of getting coal out of the ground haven't changed greatly.

What can be done is shown by one company that last year began to introduce more productive methods—and brought in a copper man to head up the effort.

• **Modernizing**—Last March Glen Alden Coal Co., Scranton, called in Francis O. Case from Anaconda Copper Mining Co. and made him president. His first job was to find capital; by December, he raised enough to put $2.5-million into new equipment (the company's 1953 gross was only $85-million). He expects to spend about the same amount this year.

His most promising development is a cutting, carrying, and loading device that makes it possible to load a car at the Loomis colliery in 90 seconds, where a miner would take half a day. This affects only a fraction of the company's mining capacity today, but Case plans to get more of the devices working in six months.

Case sees encouragement in the stand of the United Mine Workers. John L. Lewis, UMW president, over the years has put his weight behind the modernizing idea: "We stand for the usage of all modern equipment and scientific devices that will take the raw materials, . . . and make them of increasing value."

• **Handicap**—The lag in mechanizing results partly from the way the industry grew up: many small companies, few consolidations, insufficient working capital. Such economists as John Galbraith (BW—Jan.9'54,p93) believe that the lack of big companies may have retarded research needed for mechanizing.

This handicap could hold anthracite back for years. There are still 14 companies counted as major producers (extracting 1-million tons or more a year) —about the same number as 20 years ago. And they still account for about 85% of production. When an industry with a gross volume last year of some $300-million takes out about $100-million for wages, a bigger chunk for other operating expenses, there's little left for research.

• **Long Range**—The industry is still able to muster up long-range optimism. Says Frank E. Earnest, Jr., president of the Anthracite Institute, Wilkes-Barre: "Anthracite's problem is survival in the short-range battle, because in the long run our tremendous coal reserves, as compared with the relatively brief life expectancy of oil and natural gas, are all in anthracite's favor."



THIS SPECIAL STEEL

PUTS PRODUCTION



ON A ONE-WAY STREET

If there's a deep drawing or forming operation on your zinc-coated products, Armco ZINCGRIP can eliminate "return tickets" in your plant—rejects due to peeling or flaking.

ZINCGRIP is different from ordinary galvanized steel. Its full weight coating of zinc is bonded to the steel by a special process.

Result—the zinc coating stretches in the dies to take any draw the base metal can take. That leaves no exposed areas where rust can start.

You reduce costs by cutting factory rejects. You help boost sales by building greater customer satisfaction.

You get many other advantages from Armco ZINCGRIP. Just write us for the ZINCGRIP catalog, or ask for specific information about its use in your product.

ARMCO STEEL CORPORATION

MIDDLETOWN, OHIO • EXPORT: THE ARMCO INTERNATIONAL CORPORATION

The most convenient location in New York

A refined clientele of permanent residents and transient guests.

HOTEL New Weston

MADISON AT 50th • NEW YORK 22, N. Y.
JAMES T. McTIGHE, Manager
A Knott Hotel

quick to stick no need to lick!

AVERY Kum Kleen LABELS

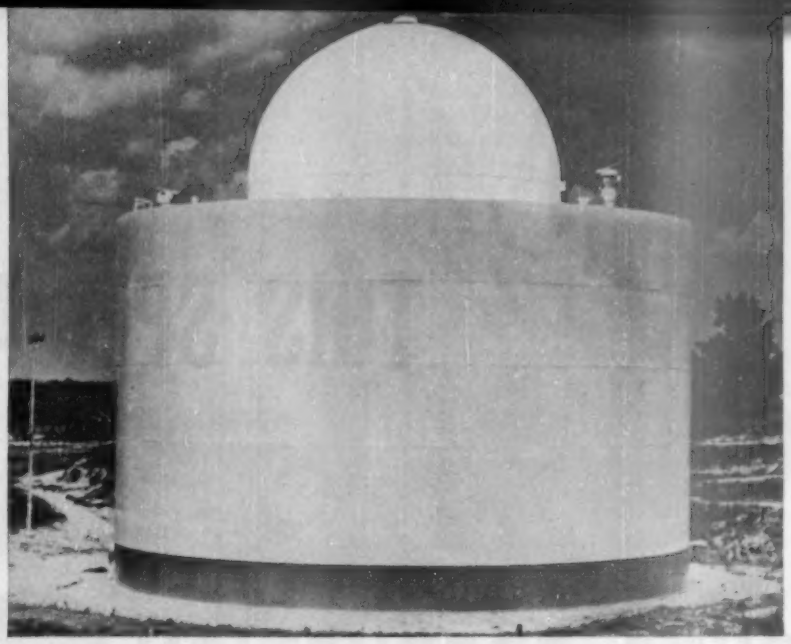
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SAVE YOU TIME!
SAVE YOU MONEY!

We can show you where to use these labels in your business! Mail the coupon for samples and more information.

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Offices in Other Cities

☐ Please send case histories and free samples ☐ Have the local Avery man call

Name
Title
Company
Address



DOME-TOPPED storage tank is designed to save oil vapors that are now blown off as the sun heats up the tank during the day. It's the latest way of . . .

Choking Off Oil Losses

The planetarium-shaped tank above is the oil industry's latest attempt to cut down loss of volatile products in storage. It cuts off the tank's "breathing"—the blowing-off of vapors from expansion as the sun beats down on the tank, and the inhaling of cool air at night.

Inside the hemisphere is a rubber balloon that blows up as expansion pressures build up inside the tank. The bladder is big enough to contain the vapors that come off the petroleum products as the temperature rises. Then, at night, the vapors can go back into the tank instead of having been irretrievably lost in the outer air.

• **Dollar Value**—Oil products are as elusive as Houdini when you try to store them. They can leak through containers that are supposedly watertight and airtight, and the lighter fractions—propane, butane, gasoline—evaporate with amazing rapidity. The trick, as the dome-topped tank indicates, is to conserve the breath of these volatile fractions.

The drop-by-drop losses have been estimated at 2.5-billion gal. a year, valued at $250-million. Shell Oil Co. calculates that enough gasoline is lost each year by leakage and evaporation to drive every car in the U. S. on a tour from New York to Chicago.

To cut down these losses is the task of loss-control teams that most of the big integrated oil companies have set up. Some gains have been made—Shell Oil, for example, estimates its savings at more than $1-million worth of products a year—but there's still a long way to go.

• **Too Many Rat Holes**—The goal of loss-control teams is to cut the annual losses in half. That's a monumental task, complicated by the large number of ways oil products can be lost during handling and storage.

Routinely, oil men transfer the stuff from container to container more than a dozen times along the route from oil well to a consumer.

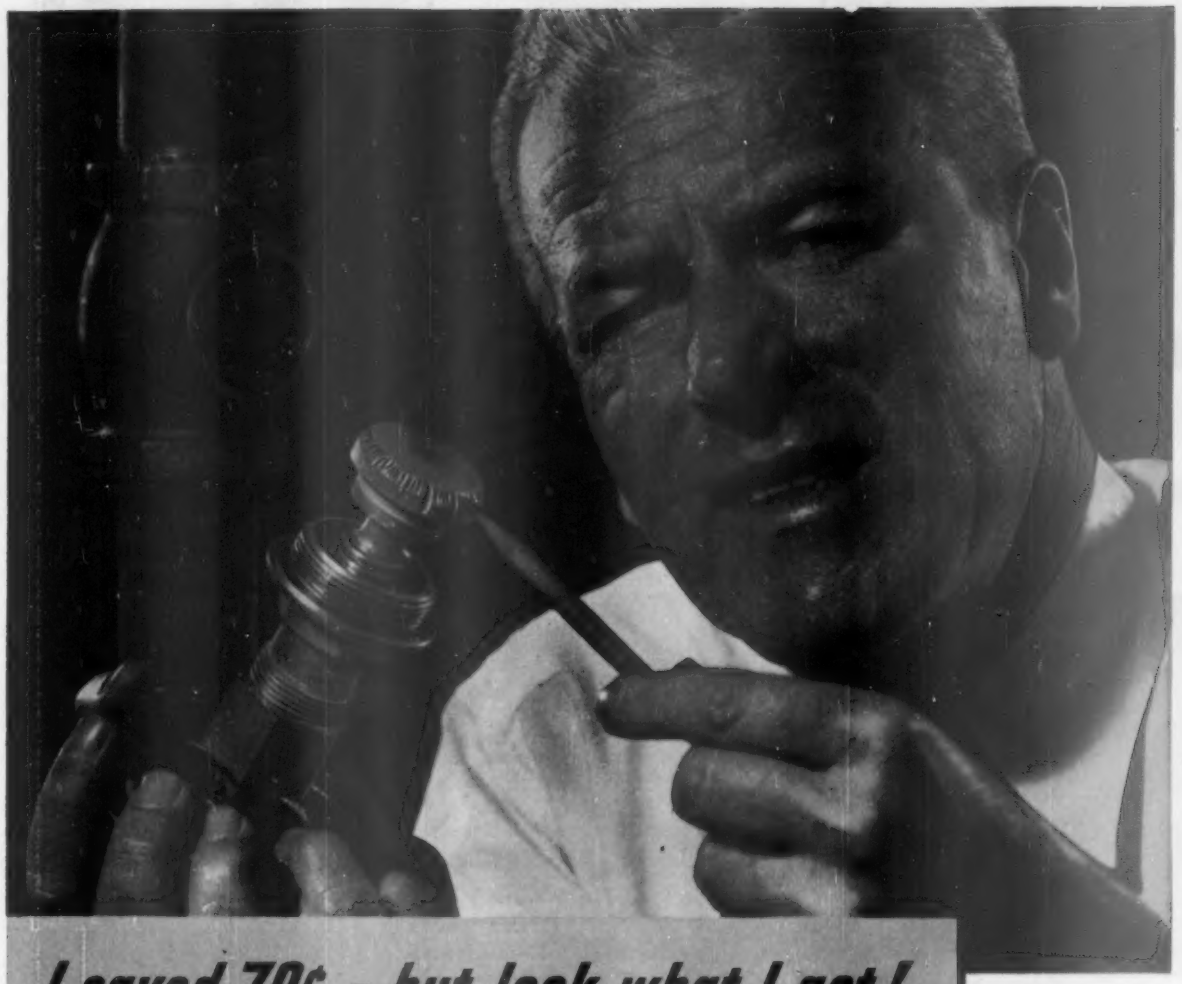
In storage tanks, losses come from breathing as well as from handling. In the sun's heat, a tank's contents vaporize more readily, build up pressure, and go out through safety vents. Yet the tank can't be sealed tightly, else it will explode under the pressure. So the average 55,000-bbl. tank may breathe away something like 2,750 bbl. a year of a volatile product such as gasoline.

• **Elimination Process**—Over the years, tank design has been modified to cut such losses, one step at a time.

One of the first moves was to install a pressure-vacuum valve that would give way only when pressure inside the tank reached a danger point.

Next, the designers tried to cut down on heat absorption by the tank. They painted the outside with aluminum or, later, white paint. The white paint cut losses as much as 40% as compared with weathered aluminum, but it cost more and didn't give the same protection against corrosion.

• **Tank Design**—Then designers tried various shapes of tanks, starting with the commonest form—the cone-roof tank, cheap to build and to maintain. This tank is a squat cylinder with a flattish conical roof. Designers tried ways of freeing the cone roof to rise and fall with pressure changes, so the



I saved 70¢ - but look what I got!

This buyer might give himself an "A" for effort, but that's all! Seventy cents saved per valve would have been worth while if—if it hadn't been just a "price tag value."

Today's high maintenance labor rates make it an especially bad time to take chances with valve quality. Rather, it's a time to insist on greater assurance of dependability and proper selection. That is still the only way to protect effectively against valve trouble and high piping cost.

That's why Crane Quality means more today than ever before to thrifty buyers in every industry. It stands for value that translates into longer life with less maintenance, and with lower ultimate cost assured. And Crane offers this quality in the most complete selection of valves and fittings for all piping systems.

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valuable vapors wouldn't blow out through the vents.

One design seals the roof to the wall of the tank by a band of coated canvas. However, as the fabric develops tiny holes it may let more vapors get away than a conventional tank would. Another design sleeves the roof down over the tank wall, with freedom to slide up and down 10 ft. or so. The flexible-membrane idea is another refinement of the floating-top idea.

• **No Splash**—Loss-control teams have also made progress in cutting down the avenues of escape from other containers: The loss here occurs during loading.

Transport units used to be loaded the same way a service station attendant fills an auto's gas tank: from the top. The nozzle fits into the filler opening at the top, and the gasoline splashes down, vaporizing as it goes. The average motorist loses about 3 gal. of fuel a year in this splash loading, as it's called.

For an oil company, the loss from splash loading can be huge. So terminal equipment is now designed so the loading hose or pipe extends down within inches of the bottom of the receptacle. As soon as the first few gallons have been poured into the tank, the rest of the load flows quietly out beneath the surface. Only the first few gallons can vaporize from splashing. The new way is called submerged loading; industrywide savings are estimated at about 65-million gal. of gasoline a year.



Jumbo Expansion Joint

The huge stainless steel ring above is the largest expansion joint ever built, according to builder Solar Aircraft Co. One of 13 bellows for a supersonic wind tunnel in Cleveland, it will allow contraction or expansion with temperature changes, absorb stresses due to pressure.



"AUTOMATIC CONTROLS CUT OUR COAL BILL 20%!

"We gave our modern coal-heating installation an additional boost in efficiency with automatic controls . . . saved $600 the first season,"

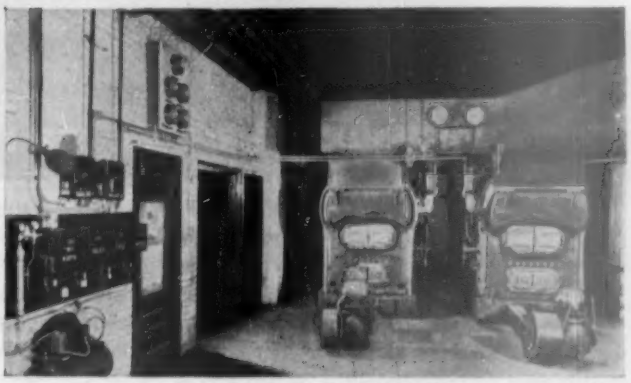
says R. C. Smith, Manager
Northern Finance Company, Northern Building
Green Bay, Wisconsin



Located in the heart of the city, Northern Finance Company's coal-heated building meets strict smoke control regulations. Burned properly, coal is clean and convenient.

"Up-to-date coal equipment has long supplied our building with dependable, *economical* heat. But a small additional investment in new automatic draft and building zone controls brought us even bigger savings. We cut fuel costs $550 to $600 a year."

Additional case histories, showing how other types of plants have saved money by burning bituminous coal with modern equipment, are available upon request.



The stoker-fed boilers and newly installed control panel used in heating this modern office building. Approximately 285 tons of coal are used annually.

How modern coal equipment can save you dollars

If your plant is more than a few years old, you can probably boost its efficiency and save money with modern combustion equipment. For example, a small investment in automatic combustion controls, or an efficient forced draft system, may bring you big savings in both fuel and labor.

And if your plant is over 10 years old, chances are you can make an even bigger saving. You can save up to 40% on fuel alone by installing modern combustion equipment. You can reduce labor costs substantially with modern coal- and ash-handling equipment.

Call in a consulting engineer. He can give you advice on just what equipment can best fill your specific needs . . . and return you big savings year after year with coal.

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COAL production in the U.S.A. is highly mechanized and by far the most efficient in the world.

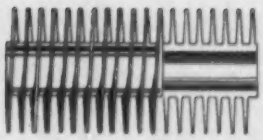
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COAL is the safest fuel to store and use.

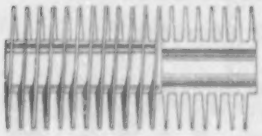
COAL is the fuel that industry counts on more and more—for with modern combustion and handling equipment, the inherent advantages of well-prepared coal net even bigger savings.

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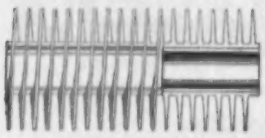
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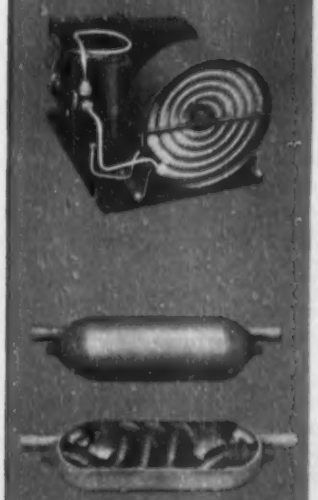


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PRODUCTION BRIEFS

The silicon transistor is being produced experimentally by Raytheon Mfg. Co., Waltham, Mass. Raytheon is the first company to follow Philco Corp. into the field (BW—Jan.30'54,p60). The silicon transistor's advantage over the older germanium type is its ability to resist heat.

•

Rocket engine business at Ryan Aeronautical Co., San Diego, Calif., got a boost last week. Firestone Tire & Rubber Co., Los Angeles, gave Ryan a $1-million contract to turn out the power plants for its surface-to-surface missiles.

•

A polyethylene plant will be built by Koppers Co., Inc., perhaps at Port Arthur, Tex. Koppers is expanding its chemical division to supply the raw material for makers of plastic pipe, bottles, and coatings.

•

The Air Force will step up its order for the Super Sabre fighter (F100) with North American Aviation, Inc. At the same time, 15% of current contracts for Thunderstreak fighters (F84) will be canceled with Republic Aviation Corp. Major production difficulties caused the cancellation.

•

A titanium sponge plant for New Johnsonville, Tenn., is being considered by du Pont and the General Services Administration. If GSA approves, the plant may be built this year. Reports are that it would have 7,000-8,000-ton annual capacity, would cost $30-million to $35-million.

•

Coal-derived chemicals will be produced by a plant being built at Spartanburg, S. C., by Pittsburgh Coke & Chemical Co. Output will go to the textile industry.

•

A $14-million ammonia plant started operation last week at Vicksburg, Miss., managed by the Spencer Chemical Co., of Kansas City. The plant will produce 220 tons of ammonia per day, will be the first in the field to use controlled oxidation of natural gas.

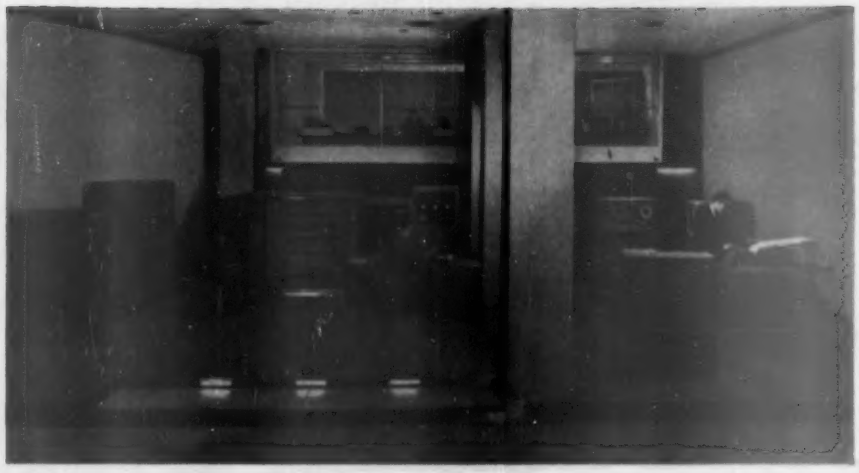
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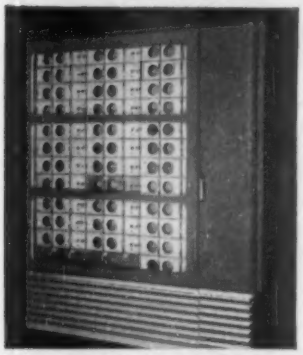
Spreading TV: AT&T is planning a 1,000-mi. line extension into the Southwest. The facilities will increase telephone service, and enable cities in the area to hook into national TV networks. The line will run from Amarillo, Tex., through Albuquerque to Los Angeles, if FCC gives permission.

This is the latest in electronic "brains"

It's IBM's electronic calculator. It performs such mathematical feats as solving, in a few minutes, equations useful in aircraft wing design, which require some eight-million calculating steps. Such equations would take an expert working with a desk calculator seven years to solve.

The heart of this "brain"—comprising banks of cathode ray tubes through which all information to and from all other components must pass—is protected from stray electrostatic charges by PYREX brand EC electrically conducting glass. The magnetic drum unit "memory device" is protected in the same manner.





The 72 cathode ray tubes in the Storage Unit (pictured above) store 20,480 digits in the form of electronic charges, ready for delivery to other parts of the machine in 12/1,000,000 of a second.



The two drums in the Magnetic Drum Storage Unit (pictured above) store as many as 81,920 digits as magnetized spots on the drum faces. Each digit can be recalled for processing in an average of 40/1,000 of a second.

How EC glass solved a problem for this electronic "brain"

Protection of IBM's electronic calculator from straying electrostatic charges became a design problem because operators had to see that everything was working properly *inside* certain units.

Metal would protect; but you can't see through it. Ordinary glass lets you see, but it doesn't protect.

The IBM engineers solved the puzzle by using Corning's EC glass for cabinet window panels.

EC glass is a PYREX brand glass with a thin transparent electrically conducting coating permanently bonded to one surface. It carries electrostatic charges away just as metal does.

This remarkable material has many other uses—For example, EC glass is excellent for home heating units. Simply switching an electric current through the EC coating makes it a heating element that gives out an evenly distributed flood of radiant energy. It's finding increasing use in industrial heating and drying operations, too, especially where an *even* distribution of heat is desirable.

The EC coating is also an efficient reflector of infrared heat rays. So you find EC glass panels used as shields for people working near sources of intense heat, in steel mills, for instance, and movie or TV studios.

The immense possibilities of PYREX brand EC glass have scarcely been scratched. If it interests you, Corning engineers will be glad to talk with you about it and any application you may have in mind. There's a more complete story in the June-July, 1953, issue of the "Corning GLASSMAKER." We'll be glad to send you a copy.



Wall-mounted Berko EC heater in doctor's office.



EC radiant panels drying lacquer on plastic sheets.



EC panels protect shear pulpit operator in steel mill hot spot.

The PYREX brand EC glass window panels in these extremely sensitive "memory" devices permit the operators to see that everything, inside is working properly and they ward off outside electrostatic charges which would disrupt operation.

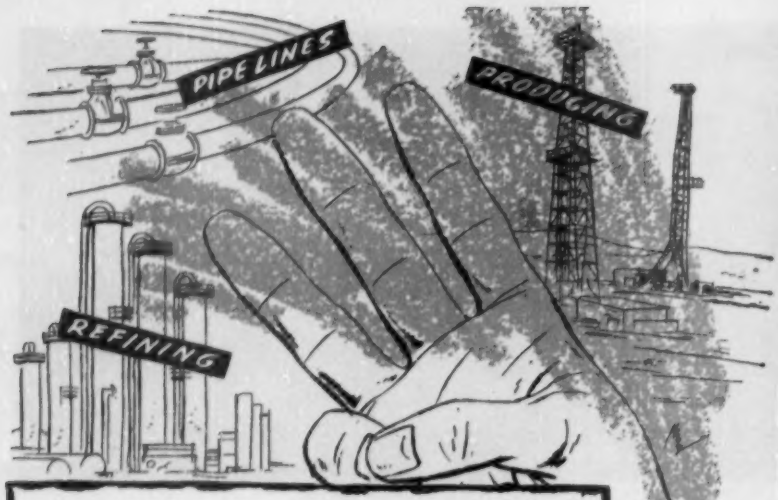
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SUNRAY — an oil company that does NOT operate service stations

SUNRAY manufactures millions of gallons of gasoline every year, but *does not operate a single service station.* To automobile owners whose only contact with the oil industry is through a service station, this may seem strange. However, SUNRAY is engaged only in producing, transporting, and refining oil and gas products.

SUNRAY manufactures automotive and aviation gasolines, natural gasolines, liquefied petroleum gases, middle distillates, heavy fuel oils, asphalt, road oil, and a variety of special specification products. After these products leave SUNRAY refineries, they are shipped throughout the United States, and sold under a variety of brand names.

The sales department of SUNRAY sells manufactured products to wholesalers, jobbers, and commercial accounts. The sales staff is comparatively small, and consequently the cost of selling SUNRAY products is very low compared with that of a retail marketing oil company.

SUNRAY's streamlined operation which concentrates on producing and refining, is an important link in putting to work America's most important raw material . . . petroleum. The Company's growth is recorded in the steady expansion of its oil producing and refinery facilities.

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NEW PRODUCTS



Auto-Exhaust Purifier

Inventors have been trying for years to find a device that could purify the carbon monoxide discharge before it puffed out of the automobile exhaust. The problem has always been to find a catalyst that would convert the gas into carbon dioxide and oxidize the hydrocarbon vapors. Some had been found that would do the trick for a short time, but these became fouled by the flow of carbon black, burnt oils, and other chemical compounds that bombarded them.

Now, Industrial Research, Inc., claims it has developed a catalyst that can stand up under such rough treatment, can be attached to any truck, bus, or car to purify its exhaust before it has a chance to pollute a city's air. Heart of the device is a palladium alloy catalyst, which converts the poisonous gas exhaust into carbon dioxide. The catalyst is encased in the metal tube (above) which fits over the exhaust pipe. The manufacturer claims that tests indicate that the product is ready for production but the unit will not go on the market until later this year.

• Source: *Industrial Research, Inc., Miami, Fla.*

Noncorrosive Conduit

A tough, lightweight plastic pipe, developed originally to carry the highly corrosive oils that are needed in certain jet engines, made its first appearance as an industrial product last week. It could solve a problem in the hydraulic system that must have a noncorroding conduit to function properly.

The product is Fluoroflex-T. Its manufacturer, Resistoflex Corp., developed it from du Pont's fluorocarbon resin known as Teflon. It is being









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with good taste in common

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These fine distilled beverages represent only one branch of National Distillers' diversified activities today. Others include the production of petro-chemicals, solvents, intermediate and finished chemicals — all serving the nation's consumer and industrial needs.



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Technical Manager—12 years' experience in research, development, administration. Business know-how and technical skill assure maximum return on your research dollar. Age 37. PW-1623, Business Week.

Executive-chef, employed, who has specialized in cooked, frozen foods with a large, nationally known, restaurant chain, desires broader field. I have pioneered with cooked, frozen foods in frozen food division of present company. PW-1629, Business Week.

Food and Restaurant Industry Junior Executive. Qualified in buying, quantity preparation, food control, service, sales promotion and personnel. Exp. in large operation management, supervision of multiple units. Executive or management position desired in large scale food operation. Resumé submitted upon request. PW-1660, Business Week.

Executive Assistant, Young man to assume responsibility, take heavy load off busy executives shoulders. College graduate, age 30. 7 years wholesale-retail hardware and mill supply management experience. PW-1674, Business Week.

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Manufacturers Representative established in 1935; graduate of Engineering University; needs additional lines in Texas and the Great West. RA-1680, Business Week.

Need quality Air cylinder and Air valve account for Pacific Northwest. Rogers Machinery Company, Portland, Oregon.

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Attention Manufacturers: Heating, Ventilating, air conditioning New England — established sales engineers desire quality line for specification selling — Excellent architect, engineer contacts. RA-1560, Business Week.

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Invest Your Money in Venezuela, the richest little country in the world. Oil and Iron Ore give us great prosperity and unlimited monetary freedom. Our Bolivar is linked to your Dollar by an unchangeable rate; and you may take your income or your capital out of our country and send it anywhere in the world, without having to ask permission of or to give notice to anybody. Money pays a practically taxfree 10% with rock-safe collaterals, like new apartment or office buildings. Write for details and in detail to: Dr. R. Semtei, Apartado 2009, Caracas. Best U. S. references at your disposal.

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Importation Agency in Caracas, Venezuela, representing many U. S. manufacturers, seeks a general exporter. Principal strong in capital and modest in marking up, to take care of big turnover. Only safe customers with best U. S. references. Please write in detail to: Dr. R. Semtei, Apartado 2009, Caracas.

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California facilities available for manufacturing your product without investment in plant or equipment. Manufacturing, assembly, engineering and technical supervision, and warehouse space. On lease or contract. 100,000 square feet. Hendey Mfg. Corp. P. O. Box 217, Indio, Calif.

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Electronic Equipment—Manufacturing Plant has entire modern facilities for lease or sub-contract. Write FL-1615, Business Week.

manufactured as pipe—from 1-in. to 4-in. diameter—and as hose—¼-in. to 1-in. It is claimed to have the ability to handle practically any corrosive liquid in a temperature range from −100F to 450F without physical, structural, or visual changes. The only substances known to attack it are molten alkali metals and chlorine trifluoride.

• *Source: Resistoflex Corp., Belleville, N. J.*

Private-Line Radio

When a pilot or radio operator is taking voice directions from a radio tower, he has to listen to every call that comes through the earphones—whether it is for him or not. With a number of planes approaching a field at one time, this creates a lot of noise, most of it unnecessary for his purposes.

Motorola, Inc., has an electronic device that does away with irrelevant signals, feeds only those into a plane that are intended for it. It is called Airborne Quik-Call. It works like this: The operator on the ground radios a series of coded tones to aircraft in flight. Each aircraft radio remains silent unless the proper tone combinations are received.

The device has been certified by the Civil Aeronautics Administration, has been placed in operation by Pan American World Airways on some of its Pacific flights.

• *Source: Motorola, Inc., 4545 W. Augusta Blvd., Chicago 51, Ill.*

NEW PRODUCTS BRIEFS

Porous vinyl upholstery is now on the market, a product of U.S. Rubber Co., New York. It is intended principally for use in buses and office furniture.

•

Lightning cannot run down your UHF or TV antenna and into the living room if a tiny electrical device—developed by Radio Corp. of America—is put on the roof to divert it. You attach the gadget to the antenna.

•

A ticket-making machine that can print, cut, stack, and count 144 tickets per minute—handle any ticket size from 1-in. by 1-in. to 3-in. by 1¼-in.—has been put on the market by Soabar Co., Philadelphia.

•

Drilling dynamite holes into solid rock is almost a desk job with the new Mobiljumbo, developed by Gardner-Denver Co., Quincy, Ill. The operator does all positioning and drilling without leaving his seat, controls two drills from a console panel.

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Forward Look in Washington

Out of the steady stream of reports, speeches, and messages pouring forth from Washington there is emerging the picture of an Administration that has found itself.

Gone is the seeming irresolution, the apparent lack of program that characterized so much of the first-Eisenhower year.

The President and his team now act and speak like men who know where they intend to go, and how to get there.

For example, there is:

• The clear-cut evidence that President Eisenhower is beginning to assert firm and constructive leadership. In opposing the Bricker amendment, for instance, he was both forceful and astute. On one hand, he made clear that his head-on opposition was based on Constitutional grounds; on the other, he was able to win support from his own party, rather than having to depend on Democratic opponents of the Bricker amendment in Congress.

• The President's admirable description of the political philosophy that will guide his Administration. In stating that he would be "liberal" in all things dealing with people and "conservative" in all things dealing with the economy, he has set forth the yardstick on which his Administration can be judged.

• The fact that the President has shown an adeptness in learning the political ropes. He has succeeded in labeling his Democratic opponents as "prophets of gloom" without giving the appearance of having his own head in the clouds. For example, in response to a reporter who suggested that the use of the word "recession" was regarded in some Republican circles as un-American, President Eisenhower declared that though he had no knowledge that this was so, he would not deny that we are obviously receding from some peaks.

• The President's Economic Report, which is basically an optimistic but never complacent study of our economic situation. It is impressive for the clear and concise manner in which it charts the Administration's economic designs.

• The White House pledge, repeated in reports and speeches, that the full resources of the government will be used to help maintain employment and purchasing power. The President has obviously set out to destroy the notion that there is any association between depression and the Republican Party. Eisenhower's avowal that his Administration will act as "the big brother partner to the American people" may not please the extremists, but it is a policy that makes sense.

• The Randall Commission's report on foreign trade, which recommends a liberalized foreign economic policy on the grounds that the strengthening of the free world is of crucial importance to our own long-term expansion.

These and other developments convey the encouraging picture of a new Eisenhower who has mastered his job and is even beginning to enjoy it.

The Hollow Generation

After a decade-long rise, the gauge needles of the U. S. economy are hesitating. The great boom of the 1940s and early 1950s seemed to have reached a peak.

No one is really sure what the next few years will bring. Few think the economy will slide very far; many believe it will start pulling up again before the end of this year. But whatever happens, this much is clear: The next few years present a tremendous challenge to business leadership. If that challenge is answered, the result—some time around the end of this decade—can be another surge of growth. It may well be bigger than anything we have ever seen before.

The post-Korea boom was lifted and sustained to a great extent by the powerful force of huge government expenditures for the military. That force is still at work, but it has weakened.

The wilting of that force is one cause for the current economic slide. Another cause, perhaps equally important, is the coming-of-age of the "hollow generation"—the babies, understandably few, born during the Great Depression. Those babies, now young adults, are beginning to marry and form families. Since there were not many babies, there will be relatively few new family formations in the next few years. This will mean a drop in demand for the things new families need.

Hence, we are coasting down into a shallow valley. But across the valley, some five to eight years away, is the foot of what looks like a new peak. No one knows how high it really is, but the size of its base has intoxicated many an economist's imagination. Just as the hollow generation is now with us, so will a new wave of customers help stimulate the economy's growth then. The rising birth rate of the late 1930s and the 1940s culminated in the record of nearly 4-million babies last year. These babies will come of age starting toward the end of the 1950s. Not only will there be many of these young adults, but they'll have a trait that is probably the strongest force behind U. S. economic growth: They'll have an insatiable urge to better their standard of living—better it continually, every year of their working lives.

But there remains this challenge to business leadership: With less aid from military spending, it must keep the economy in good working order during the interim period. It must develop its own sources of strength—new and improved products, sharper salesmanship. The interim period must be dynamic—and much of the impetus must come from business leadership.

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